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EU Reportedly Avoids Burma Showdown With ASEAN

BK2307064196 Bangkok ASIA TIMES in English 23 Jul 96 pp 1,2

[Report from Jakarta by Ong Hock Chuan, ASIA TIMES, and agencies]

[FBIS Transcribed Excerpt] Asian and European leaders on Monday backed away from a confrontation over Myanmar [Burma].

The threat of a rift between the Association of Southeast Asian Nations (ASEAN) and the European Union (EU) receded when Irish Foreign Minister Dick Spring officially welcomed Myanmar into the ASEAN Regional Forum (ARF) on Monday.

The annual forum, initiated by ASEAN in 1994 to promote peace and stability in Southeast Asia, opens its third formal session in Jakarta on Tuesday.

Spring, as chairman of the EU Council of Ministers, met Myanmar Foreign Minister Ohn Gyaw as part of the dialogue between Southeast Asian nations and world powers.

Spring said after the meeting: "We welcomed Myanmar joining the regional forum. The most important aspect is that we will have further meetings for dialogue, which is important." He said that during the meeting the EU delegation had expressed its views on the political situation in Myanmar based on the July 5 declaration by the EU presidency on behalf of the European Union.

The declaration called on Myanmar's ruling State Law and Order Restoration Council (SLORC) to enter into a dialogue with opposition leader Aung Sang Suu Kyi and to provide a "full and satisfactory explanation" on the circumstances surrounding the June 22 death in detention of James Nichols, who had served as honorary consul for several European states.

Asked if the Myanmar delegation had been receptive to the EU message, Spring replied: "I think they certainly understood the concerns and I think it's important that we'll have regular meetings where those concerns can be expressed, and I think that will happen in the future."

Ohn Gyaw told reporters after the meeting: "We talked about the situation in my country."

Spring's statement was welcomed by Malaysian Foreign Minister Abdullah Ahmad Badawi. "I am happy to hear that. At last they (the EU) realize that there are merits to Myanmar's participation in the forum," he said.

"You cannot hope to solve the situation in Myanmar by alienating them and pushing them into a corner."

An EU official said later that the delegation was happy with the result of the meeting with Myanmar because it was the first time the two parties had met since 1994. He added that both sides agreed to have further dialogues.

The EU official said that the Myanmar delegation provided their EU counterparts with two documents pertaining to the death of Nichols. He did not elaborate on the documents' contents.

The official added, however, that the EU would still raise the issue of human rights in Myanmar during the ARF meeting on Tuesday.

There had been fears that the EU would use Tuesday's meeting to object to Myanmar's integration into ASEAN by protesting against Yangon's presence at ARF.

The fears were raised after EU Vice President Manuel Marin said that ASEAN-EU relations would suffer if Myanmar was admitted into ASEAN. [passage omitted]

Japan Seeks Understanding of Defense Alliance With U.S.

OW2307090696 Tokyo KYODO in English 0847 GMT 23 Jul 96

[By Takehiko Kajita]

[FBIS Transcribed Text] Jakarta, July 23 KYODO - Japan endeavored Tuesday to allay lingering concerns among other nations about its security partnership with the United States, assuring them that it contributes to maintaining peace and stability in the Asia-Pacific region.

At the third annual session of the ASEAN Regional Forum (ARF) on security, Japanese Foreign Minister Yukihiko Ikeda said that Tokyo and Washington reaffirmed the importance of the security pact in April and requested understanding of the alliance, Japanese officials said.

In April, Japanese Prime Minister Ryutaro Hashimoto and U.S. President Bill Clinton agreed on closer defense cooperation between the two countries under their security treaty, saying it helps not only the defense of Japan but also the stability of the entire Asia- Pacific region.

The reaffirmation of the bilateral security system was significant because it confirmed the continued U.S. engagement in the region, the officials quoted Ikeda as telling the morning session of the 21-member ARF.

The security forum, inaugurated in July 1994, comprises the seven members of the Association of Southeast Asian Nations (ASEAN) plus Australia, Cambodia, Canada, China, India, Japan, Laos, Myanmar [Burma], New Zealand, Papua New Guinea, Russia, South Korea, the U.S. and the European Union.

ASEAN groups Brunei, Indonesia, Malaysia, Singapore, the Philippines, Thailand and Vietnam.

Ikeda also reiterated the Japan-U.S. military pact is not directed against any other country and its redefinition does not entail any shift in Japan's defense policy, the officials said.

Referring to the situation on the Korean peninsula, he again voiced Tokyo's support for proposed peace talks involving North and South Korea, the U.S. and China, the officials said.

He also pointed to the importance of dialogue between Pyongyang and Seoul and the global community's backing of an international consortium aimed at providing North Korea with modern nuclear power reactors.

Ikeda then expressed his desire to see a new government-level forum on cooperation in East Asia launched in the future, possibly in place of an existing private sector-led similar talk-shop, according to the official.

On arms control and disarmament, the Japanese foreign minister also urged completion and signing of a proposed global treaty banning all nuclear tests before the United Nations convenes its General Assembly session in September.

He said the momentum for concluding the comprehensive test ban treaty must not be lost, noting the final draft of the pact already presented to the concerned countries should be honored insofar as possible.

He also expressed disappointment at China's continued nuclear testing policy, although he did not mention the country by name, the official said.

China, the only country in the world which has not yet abandoned nuclear testing, detonated a nuclear device in June. Beijing has said it will conduct one more experiment by September before joining a nuclear testing moratorium.

PRC, Japanese Foreign Ministers Discuss Korea, Trade

OW2307053496 Tokyo KYODO in English 0523 GMT 23 Jul 96

[By Takehiko Kajita]

[FBIS Transcribed Text] Jakarta, July 23 KYODO - Japanese and Chinese Foreign Ministers Yukihiko Ikeda and Qian Qichen agreed Tuesday on the need for talks to forge a new framework at an early date in order to secure a lasting peace on the Korean peninsula.

In his meeting with Qian, Ikeda pointed out that stabilization of the situation on the peninsula is vital and proposed four-way talks to discuss a permanent peace regime should be opened as quickly as possible, a Japanese official said.

Qian replied that China also sees peace and stability on the divided peninsula as an issue of vital importance and said he hopes a fresh peace framework will be established, the official said.

But the Chinese foreign minister added that Beijing believes what is most needed is promotion of dialogue between Pyongyang and Seoul, the official said.

In April, U.S. President Bill Clinton and South Korean President Kim Yong-sam proposed quadrilateral talks involving North and South Korea, the United States and China on building a new peace framework to replace the armistice that ended the 1953 Korean war.

North Korea has yet to make a formal reply to the peace overture, saying merely that it is considering whether to accept the proposal.

The U.S. and South Korea are planning to give a joint briefing with North Korea on the four-party talks so as to encourage Pyongyang to accept the offer.

In Tuesday's session, Ikeda also briefed Qian on the Japanese U.S. security partnership with the aim of allaying China's concerns about the military alliance, the official said.

In April, Tokyo and Washington agreed on closer defense cooperation under their bilateral security pact, saying it serves not only the defense of Japan but also the stability of the entire Asia-Pacific region.

Ikeda said the reaffirmation of the Japan-U.S. security regime does not entail any shift in Japan's policy of using its military forces solely for self defense, and the bilateral pact is not directed against China or any other country, the official said, adding that Qian made no comment on the explanation.

On other topics, Ikeda criticized China for its policy of continuing to test nuclear weapons despite mounting calls from Japan and other countries for an immediate halt.

"It is regrettable China has not declared a halt to nuclear tests. We ask you to reconsider your plan to carry out one more test," Ikeda was quoted as saying.

But Qian repeated Beijing's oft-stated contention that it will conduct another experiment before September and exercise a moratorium on nuclear tests after that.

On a proposed global treaty banning all tests of nuclear weapons, the Japanese foreign minister cited the need to conclude negotiations as quickly as possible.

Qian was quoted as replying that Beijing also hopes for progress in the negotiations and for an early completion and signing of the comprehensive test ban treaty.

Meanwhile, the Chinese foreign minister expressed appreciation for Japan's supporting China's bid for early entry into the World Trade Organization (WTO), the official said.

Ikeda noted that Tokyo will continue to seek Chinese admission into the global trade watchdog which replaced the General Agreement on Tariffs and Trade in January 1995, the official said.

He said Ikeda proposed that Chinese Vice Premier Li Lanqing should visit Japan this autumn to discuss the issue, and Qian replied that he believed Li would be happy to accept the invitation.

As part of its initiative in pushing for China's entry into the WTO, Tokyo is scheduled to host an international seminar in October on the question of China's full membership of the trade watchdog.

Concerning bilateral issues, Ikeda told Qian that Japan plans to send another fact-finding mission on chemical weapons left behind in China by the Japanese Imperial Army after World War II, the official said, and the two foreign ministers agreed to hold intergovernmental consultations this autumn on the disposal of the buried weapons.

In addition, Ikeda and Qian set the second round of informal talks on fishing and maritime interests for Aug. 28-29 in Beijing. The two countries held the first round in Tokyo in April.

The August talks could focus on the sensitive issue of demarcation of the two countries' respective 200-nautical-mile exclusive economic zones in line with the U.N. Convention on the Law of the Sea, the official said.

Japan, PRC Agree on Need for Early Korean Peace Talks

*OW2307033796 Tokyo KYODO in English
0317 GMT 23 Jul 96*

[FBIS Transcribed Text] Jakarta, July 23 KYODO — Japan and China reaffirmed Tuesday the need to begin at an early date proposed four-way talks aimed at securing a lasting peace on the Korean peninsula.

The view was shared in an hourlong meeting between Japanese Foreign Minister Yukihiko Ikeda and Chinese Foreign Minister Qian Qichen, a Japanese official said.

The proposed peace talks would involve North and South Korea, the United States and China. North Korea has yet to make a formal reply to the overture.

Ikeda and Qian met in the Indonesian capital on the sidelines of a series of high-level talks sponsored by the Association of Southeast Asian Nations.

During the meeting, Ikeda briefed Qian on the Japan-U.S. security partnership and reiterated that it is important for ensuring the peace and stability of the entire Asia-Pacific region, the official said.

Ikeda also repeated Tokyo's appeal to Beijing not to conduct any more nuclear tests, but Qian replied that China's stance on the matter remains unchanged, the official said.

Amnuai Urges ASEAN To Offer Citizens Greater Role

BK2007102496 Bangkok THE NATION in English 20 Jul 96 p A2

[Unattributed report]

[FBIS Transcribed Text] Jakarta — Foreign Minister Amnuai Wirawan yesterday called on ASEAN countries to grant their citizens a greater role in determining their future direction.

He also urged concrete action in solving transnational issues such as money laundering, narcotics trafficking and environmental issues.

Cooperation in education, culture and social issues, which has been brought up in ASEAN-ISIS (Institute of Strategic and International Studies) meetings would put a human face on ASEAN," Amnuai said.

"We don't want people to look at ASEAN as an economic gathering that benefits only the top managements, or large investment projects."

Sharing the fruit of economic success with small and medium sized businesses would make ASEAN a People's face organisation", a line of thinking reflected in the grouping's notion of shared prosperity, he said.

The call for a "human face" on ASEAN was initiated by former foreign minister Kasemsamoson Kasemsi, who proposed the establishment of an ASEAN assembly, a forum which he said would bring together the general public and ASEAN officials.

Amanuai said greater cooperation in solving transnational problems, such as drug trafficking and economic crimes, should be viewed in the context of security.

Cooperation in dealing with these problems would create a positive atmosphere in the region, as well as allow the region to develop and progress smoothly," he said.

Moreover, issues involving trade, transportation, and mobilization of funds and investment needed to be address in a regional context.

"If we build an international road and then refuse cross-border transportation, then AFTA (ASEAN Free Trade Agreement) would probably crumble," the minister said.

This topic should be discussed at the summit level.

His views were also reflected in his speech at the opening of the ASEAN Ministerial Meeting this morning.

Burma Urges ASEAN To Adhere to Noninterference Policy

BK2307053196 Bangkok THE NATION in English 23 Jul 96 p A2

[Report by Don Pathan and Yindi Loetcharoenchok]

[FBIS Transcribed Text] Jakarta — Despite a growing ASEAN tendency to apply a more balanced policy of engagement with Burma, Rangoon yesterday asked the regional grouping to strictly adhere to its policy of non-interference.

Burmese Foreign Minister U Ohn Gyaw told a press conference that he believes ASEAN will not contact the Burmese opposition in Burma, as the regional grouping, like Burma, observes the principle of non- interference in others' internal affairs.

"ASEAN, I believe, will not contact (the opposition) because it is very clearly stated that ASEAN, as individuals or as a whole, observes the principle not to interfere in the internal affairs of another country," he said when asked to comment on the communications some ASEAN members have established with the Burmese opposition.

The US, meanwhile, continues to hold out the possibility of imposing tougher sanctions on Burma. Secretary of State Warren Christopher, arriving in Jakarta, said he would raise US concerns about Burma's crackdown on pro-democracy activists at his first opportunity—a dinner later with ASEAN foreign ministers.

Ohn Gyaw said he had no objection to the Rangoon-based diplomatic corp meeting the Burmese opposition as long as their "intention" is not to interfere in Burma's domestic affairs.

At the invitation of the opposition National League for Democracy (NLD), Thailand and the Philippines along with some Western countries sent diplomats to attend an NLD party congress in May.

Ohn Gyaw said several embassies including those of Thailand and the Philippines had received an invitation to attend the NLD congress, "but how high the level and how serious the commitment, I don't know. But as long as the intention is not interference in internal affairs, then of course every diplomat can do whatever he or she see fit".

The NLD went ahead with its congress despite the Burmese junta's blanket arrest of more than 260 members and supporters of the party.

Thailand was the only ASEAN member to have taken a low-key approach over the issue for fear that a potential eruption of violence could affect the country, which shares a long border with Burma.

In a letter to Burmese junta leader Gen. Than Shwe, Prime Minister Banhan Sinlapa-acha expressed concern over the situation in Burma and its impact on Thailand. He also warned of possible negative reactions from the West.

ASEAN members were also caught off guard over how to deal with a letter recently sent to their heads of government by Aung San Suu Kyi asking the grouping to urge the ruling SLORC to "open up meaningful dialogue" with the NLD and all other political forces in Burma.

Suu Kyi said if the repression continued, Burma would "be condemned to more long years of conflict and stagnation, unable to take its rightful place among the nations that stand as evidence to the wisdom and dynamism of Asia".

ASEAN foreign ministers attending a series of ongoing annual meetings in Jakarta decided to let individual ASEAN members respond on their own to Suu Kyi's letter.

They are also aware of the increasing efforts by their key dialogue partners—Australia, Canada the European Union and the United States—to pressure the grouping to reverse its "constructive engagement" policy and to apply harsher measures against Rangoon.

The refusal to open dialogue with Suu Kyi, and the sudden death in prison last month of Leo Nichols, a former honorary consul general of Denmark, Finland, Norway and Switzerland, have edged the West and the European Union closer to imposing tougher measures including economic sanctions.

Ohn Gyaw said he foresaw no prospects of Western economic sanctions. The Burmese minister also insisted that dialogue and national reconciliation must be done through the National Convention, a forum organised by SLORC [State Law and Order Restoration Council] to draft the country's new constitution.

According to Burmese officials accompanying Ohn Gyaw, Rangoon is preparing plans to establish an ASEAN Affairs Department in the Ministry of Foreign Affairs and send officials to train at the ASEAN Secretariat in Jakarta as well as the Philippines and Malaysia.

Tokyo Gives Rangoon Terms for Better Ties

BK2307080796 Bangkok BANGKOK POST in English 23 Jul 96 p 1

[Report from Jakarta by Saridet Marukhathat]

[FBIS Transcribed Text] Burma was told yesterday its ties with Japan will be strengthened if the ruling junta opens a dialogue with pro-democracy groups.

Japanese Foreign Minister Yokihiko Ikeda made the point during talks with Ohn Gyaw, his Burmese counterpart.

"Democratisation through dialogue between the parties concerned would be conducive to stronger ties," Mr. Ikeda said.

"Public opinion in Japan is extremely concerned about human rights in Myanmar (Burma)," Mr. Ikeda said.

The Japanese minister also expressed concern about current tensions in Burma especially a recent law banning public gatherings.

Seen as directed at the weekend gatherings outside the home of Aung San Suu Kyi, the Nobel peace laureate and democracy leader, the June 7 law allows for the detention for up to 20 years of anyone who says or writes anything deemed "disruptive" to law and order.

Ohn Gyaw also said elections would take place after the constitution-drafting process was completed but he did not say when.

The ruling State Law and Order Restoration Council [SLORC] ignored the result of a general election in May 1990 which brought a landslide victory to Mrs Suu Kyi's National League for Democracy.

Ohn Gyaw said Mrs Suu Kyi and the league had "lost their chance" for dialogue by pulling out of the National Convention that is taking charge of the constitution drafting process.

The Burmese minister also said the SLORC would not allow a second constitution.

The league pulled out of the convention in November and announced after its congress in late May that it would draft an alternative constitution.

Japan phased out aid to Burma after hundreds of people were killed in the military regime's crushing of the democracy uprising in August 1988.

Minister Says Burma Ready To Join ASEAN 'at Any Time'

BK2307084096 Kuala Lumpur THE STAR in English 23 Jul 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Jakarta—Myanmar [Burma] is ready to become a full member of ASEAN at any time, its foreign minister Ohn Gyaw said.

However, he said the time frame for the country to join ASEAN as the 10th member would depend on the regional grouping. Myanmar is an observer in ASEAN now.

"We are ready now. We know that there is tremendous challenge ahead of us. If ASEAN can arrange that we can join them in one year's time, then it will be one year," he told a press conference here.

ASEAN secretary-general Datuk Ajit Singh said he would be visiting Yangon [Rangoon] at the end of the year to help Myanmar prepare for membership in ASEAN.

The other two Southeast Asian observer countries—Laos and Cambodia—will be made full members next year.

Asked on the relations between ASEAN and European Union over Myanmar being accorded observer status, Ohn Gyaw said bilateral relations between Yangon and EU should not arise in that context.

Japan

Japan: MOF To Urge U.S. To Soften Stance on 3d Sector Insurance

OW2307045996 Tokyo KYODO in English 0436 GMT 23 Jul 96

[FBIS Transcribed Text] Tokyo, July 23 KYODO — The Ministry of Finance (MOF) suggested Tuesday that it will not withdraw its assertions that Washington should allow the subsidiaries of Japanese insurance companies to enter the "third-sector" insurance market.

Eisuke Sakakibara, director general of the ministry's International Finance Bureau, told a House of Councillors panel, "we would like to resolve this row in line with the basic stance of Prime Minister Hashimoto's cabinet of calling for deregulation."

He was apparently referring to a plan of the government of Prime Minister Ryutaro Hashimoto to remove an administrative partition that has prevented life and nonlife insurers from entering into the third sector through the establishment of subsidiaries.

Third-sector products provide coverage for items such as cancer, nursing care, injuries and accidents. They fall into a gray zone between the primary life and nonlife insurance sectors.

The comments came a few days before a senior-level meeting between Sakakibara and his U.S. counterpart on Thursday and Friday in Vancouver, Canada.

"Still, the differences in opinions of both sides are large," Sakakibara testified prior to the agreed-upon July 31 deadline for resolving the fray.

Washington has long called on Japan to place priority on removing various regulations in the primary life and nonlife insurance fields and to bar the subsidiaries of Japanese insurers from entering the third sector.

Japan: Another Round of Microchip Talks With U.S. Slated

OW2307084796 Tokyo KYODO in English 0829 GMT 23 Jul 96

[FBIS Transcribed Text] Tokyo, July 23 KYODO — Japan and the United States will hold another round of vice-ministerial talks in Vancouver, Canada, next Monday in an effort to break an impasse over the expiration of a bilateral semiconductor trade agreement at the end of this month, government sources said Tuesday.

The meeting was scheduled during a telephone conversation earlier in the day between Yoshihiro Sakamoto, vice minister for international affairs at the Ministry of International Trade and Industry (MITI), and Ira Shapiro, senior counsel and negotiator at the Office of the U.S. Trade Representative, the sources said.

The two governments held vice-ministerial talks on the issue earlier this month in Christchurch, New Zealand, but failed to bridge their differences.

If the coming meeting makes headway, MITI chief Shumpei Tsukahara and Acting U.S. Trade Representative Charlene Barshefsky will meet in Vancouver on July 31 to wrap up the negotiations, the sources said.

In their microchip talks, the U.S. is insisting that a new bilateral agreement replace the existing pact, which is due to expire July 31, while Japan is seeking to establish a new framework for industry cooperation.

Japan recently proposed creating a government-industry organ to deal with complaints from foreign microchip makers about the Japanese market. The U.S. is expected to reply to the proposal Wednesday.

Japan: Spokesman Views Helms-Burton Act, More

OW2207141796 (Internet) Japanese Ministry of Foreign Affiars WWW in English 22 Jul 96

[News Conference by Japanese Foreign Ministry Spokesman Ken Shimanouchi with unidentified reporters on 19 July; place not given; from the "What's New!" link]

[FBIS Transcribed Text] [Topics of Discussion]

I. Decision on the Helms-Burton Act made by President William Clinton of the United States of America

II. Reported construction of a light tower in the Senkaku Islands

III. Possible discussion in Jakarta between the People's Republic of China and Japan regarding security matters

IV. Possible Japan-U.S.-Republic of Korea trilateral meeting in Jakarta
V. Japan-Russian Federation relations
VI. Senkaku Islands issues
VII. Delay of the Helms-Burton Act effective date

VIII. Pre-indictment transfer of custody conditions in cases of U.S. servicemen charged with crimes in Japan

IX. United Nations Law of the Sea and Senkaku Islands matters

I. Decision on the Helms-Burton Act made by President William Clinton of the United States of America

Foreign Ministry Spokesman Ken Shimanouchi: Good afternoon, ladies and gentlemen. Welcome to this regular Ministry of Foreign Affairs press conference. I have two very brief announcements today. My first announcement concerns the recent decision by President William Clinton of the United States of America concerning the Helms-Burton Act. I would just like to draw your attention to the statement by Press Secretary Hiroshi Hashimoto issued on 17 July regarding this matter. Japan, for some time, has been expressing to the United States its concern that the Helms-Burton Act may entail extraterritorial application of domestic law, which is not permitted under international law. The Government of Japan was encouraged by the recent decision made by President Clinton, suspending for six months the right to file suits under Title III of the Helms-Burton Act. Japan hopes that the Helms-Burton Act will continue to be implemented prudently. We consider that democratization in Cuba is insufficient, and Japan will continue its efforts to call on Cuba to promote democracy in the country. That is the first announcement. My second announcement is more a reminder than an announcement. Immediately following this regular press conference there will be a background briefing on the two meetings to be held in Jakarta next week — the ASEAN Regional Forum (ARF) Meeting and the ASEAN Post Ministerial Conference (PMC).

Those are the announcements that I wanted to make, and I will be delighted to respond to any questions that you might have.

II. Reported construction of a light tower in the Senkaku Islands

Q: We are just looking for some comment on reports of a Japanese organization which has built a lighthouse on the Senkaku Islands. This has sparked a bit of response in Beijing and Taiwan. I understand these islands have been disputed by the three governments. I would just like your comment on what the Government of Japan stance is on it, and whetner you might be taking any actions to curtail the activities of the Seinenensha.

A: It is clear that historically, and in the light of international law, that the Senkaku Islands form a part of Japanese territory. The Islands are under the effective control of Japan. There does not exist any territorial issue regarding the Senkaku Islands. We will be considering our response to this matter on the basis of the position that I have just described to you.

Q: There seems to be some ambiguity about what exactly has happened on the island, and what, if anything, has been built there or even what it looks like. Can you answer any of those questions for us? What information does the Government of Japan have?

A: There are reports in the media that a rightist group built a light tower on the island, and we are informed that that seems to be the case.

Q: How have you verified that?

A: We have ways of verifying that. The Islands are under the effective control of Japan, as I said.

Q: So, how have you verified that?

A: We have means to do that.

Q: Can you tell us more about what has been done? Presumably, Japanese vessels have visited the Islands and had a look, have they?

A: I will have to get back to you on that.

Q: You might have to get back to me on this, as well. But, can you describe to us the structure that radicals have placed there?

A: I do not have all the details of what you are asking for.

Q: Do you think it's possible to get some of those details?

A: I will try.

Q: Could you tell us exactly — there have been reports that the Chinese and Taiwanese Governments have launched some kinds of remarks with Japan about this incident. Can you tell us what they have they said to you?

A: I think you are aware of the comments the spokesman for the Ministry of Foreign Affairs of the People's Republic of China made in Beijing yesterday.

Q: No, I wasn't.

A: I do not want to quote the spokesman of another country, so I suggest you check. I think it has been reported by the media.

Q: This was the Chinese?

A: The Chinese spokesman. It was made on 18 July in Beijing by the Ministry of Foreign Affairs spokesman of the People's Republic of China.

Q: Has any communication taken place through official channels?

A: This is all we have. The only reaction by the Chinese side is the one made by the spokesman.

Q: So, the Chinese Government — the Chinese Embassy here — hasn't made any official comment on this?

A: No.

Q: Does the same go for Taiwan?

A: With regard to Taiwan, we do not have official ties with Taiwan. We only have non-governmental ties. We work through private organizations on each side which are responsible for managing practical business between the two sides. On 17 July, the Tokyo office of the Taiwanese organization made an inquiry to its Japanese counterpart organization — I do not have the English translation of their names — regarding this media report. At that time, we are told, the Taiwanese representative said that if the Government of Japan allows this to happen, the Taiwanese side will be lodging a very strong protest. That was the Taiwanese reaction to this.

Q: It may not be appropriate to sort of continue to ask you for detail in this conference, but could you tell me a bit more about the legal status of the Senkaku Islands in Japan's view? Presumably they're a part of Okinawa Prefecture, aren't they? Is the land owned by the Prefectural Government or is it owned privately?

A: My understanding is that part of the Senkaku Islands is owned by the Government, and there are also privately owned portions. That is my understanding, but I will have to check. I do not have all the details with me.

Q: Are there any steps that the Government of Japan will be taking to assert — you said they are under Japanese control — any new steps that are going to be taken to reemphasize this?

A: The Islands have always been Japanese territory and always have been under the effective control of Japan.

Q: Is this issue likely to come up at the upcoming ASEAN Regional Forum Meeting? Last year, they spent much of their time talking about disputes over the Spratlys. It seems to me like the timing of this action could be interpreted as something less than coincidence.

A: There is no reason to deal with this issue in a regional forum. As I said, the Japanese position is that there does not exist any territorial issue.

Q: Do you know if this group — Seinenensha — had supposedly built something, if there are any legal bounds for them building a structure on the island? Do they have permission from the land owner?

A: I am not an expert on domestic laws and regulations. I cannot answer that question off hand. All I can say now is that we will be dealing with this matter very carefully, on the basis of our basic stance regarding the territorial rights of the Senkaku Islands.

Q: I think I'm not the only one here that is curious to learn about this in a bit more detail. Would it be possible to arrange a briefing with someone who is involved in the issue more closely?

A: We will check and get back to you.

III. Possible discussion in Jakarta between the People's Republic of China and Japan regarding security matters

Q: Is there any plan for Foreign Minister Ikeda meeting the Chinese Foreign Minister in Jakarta — a tete-a-tete?

A: Will there be a bilateral meeting between the two foreign ministers? Is that your question?

Q: Yes.

A: The two sides are coordinating their schedules right now. I am not aware if the meeting has been set up yet. But, both sides are trying to coordinate their schedules, so as to hold a meeting in Jakarta.

Q: Related to that, this morning, the Defense White Paper was approved by the Cabinet. This White Paper took a new twist in evaluating the Chinese military. This area is a matter of concern for the Government of Japan. Would it be possible that Foreign Minister Ikeda may bring up this subject in his meeting with the Chinese foreign minister?

A: I have not read the Defense White Paper. I had better not make any comments before reading it. Regarding the agenda of the meeting between the two Foreign Ministers, usually we discuss bilateral issues and also international issues of common interest to the two sides. We always discuss a broad range of issues in our bilateral meetings with China.

IV. Possible Japan-U.S.-Republic of Korea trilateral meeting in Jakarta

Q: On that opportunity, are the foreign ministers from Japan, the United States and the Republic of Korea going to meet to discuss KEDO and the Korean Peninsula?

A: The three sides are coordinating their schedules right now, with a view to setting up a trilateral meeting in Jakarta.

V. Japan-Russian Federation relations

Q: Regarding the recent promotion of Igor Rodionov to the post of Russian Defense Minister, will it affect relations now between the two countries in the military field?

A: We see this as a part of a chain of appointments following the presidential election. Naturally, we are interested in these developments in Moscow. But, basically these are domestic issues of the Russian Federation.

Q: So, you do not think that it will affect the relations between the two countries — in the military field especially?

A: I do not want to speculate on that, but in the military field, the cooperative ties between the two countries have become very tight in recent months. The Japanese Defense Minister visited Moscow in April, and we think that this meeting was very conducive to enhancing mutual confidence in the security area. We wish to continue along these lines in the military area.

VI. Senkaku Islands issues

Q: If it would be possible to arrange a background briefing just to give us some details on this island issue.

A: I am not aware if it is possible today. But, we will check and get back to you.

Q: The question, for instance, if whether any laws have been broken in establishing this structures. It is obviously quite an important one, and it is rather hard to understand what's going on.

A: If you are interested in domestic laws, that is outside the purview of this ministry.

Q: Right, but does the Government of Japan take a position on that? Is any response going to be made by the Government as a whole?

A: The position of the Government of Japan is as I have already said.

Q: I am talking about the position of the Government of Japan as regards this structure, rather than as regards the territorial question. We know what the view on the territorial nature of the islands, but it is very unclear what has happened and what it means regarding this group and what is likely to happen.

A: So, you are interested in a briefing on these matters.

Q: Yes. You said that you had the means of verifying some of these reports. It would be nice to share some of that information if you could.

A: I said I would have to get back to you on that one. We will see if we can arrange a briefing. I am not aware if we can do it today. It is probably very difficult, and also, some of the questions you asked are outside the competence of this ministry. I do not know if we will be able to answer all your questions.

Q: I remember when the Takeshima question came up, a very useful briefing was arranged where someone talked a bit about the history of the Islands, and so on.

A: You are interested in something like that?

Q: Yes.

Q: We are very clear now on what the Government of Japan's position is concerning the Island itself. We are not clear what the Government of Japan's position is regarding this light house. That is what we are trying to get a handle on. Maybe the Government of Japan is not clear yet what its position is.

A: I understand very clearly where your area of interest is, so we will get back to you.

Q: I am not sure, but did the Government of Japan not file a protest toward China when a couple of Chinese jets flew to the Senkakus? I remember the Air Force scrambled two Phantoms or four.

A: We in the spokesman business have very short memories. I will have to check and get back to you. I will have to check my files or ask the China Division people to check their files.

Q: Four or five months ago, if I remember correctly.

VII. Delay of the Helms-Burton Act effective date

Q: The first item ends with a statement that Japan has demanded that the United States Government explain the effective date of the Act. That's quite a strong way of putting it — a demand. If the United States Government declines that demand, or does not explain the date, what will Japan do?

A: I am looking at the Japanese version — the original. I think "sought" is a better translation than "demand." We asked that the entry into effect of Title III be postponed, and President Clinton decided to suspend for six months the right to file suits under Title III. We understand that this can be extended for an additional period of time. And, we see this as a very positive response to our request by the United States side. That is why the statement says, "We were encouraged."

VIII. Pre-indictment transfer of custody conditions in cases of U.S. servicemen charged with crimes in Japan

Q: There may be an arrest warrant today for a U.S. serviceman charged with the slashing and robbery of a woman in Nagasaki and a gentleman of Sasebo. I am wondering if you had any contacts with the U.S. military here in terms of lodging protest, or what actions might be taken on this?

A: The local police in Sasebo and the United States Navy people in the City of Sasebo have been in close contact. They have been working very closely on the investigation of this case. And, we in this ministry have been in very close contact with the American side on this matter, so that this case will be dealt with appropriately in light of domestic law and the relevant arrangements between the United States and Japan. So, we have been in close contact with the United States on this matter.

Q: I understand that there was a change in the Status of Forces Agreement which would permit Japanese authorities to arrest or take custody of someone who has been charged with a crime — much faster than in last year's case, for example, in Okinawa. Are those new rules going to be effective this time as you understand it?

A: This was not a revision of the Status of Forces Agreement (SOFA) itself. It was an agreement of the Japan-U.S. Joint Committee established in accordance with provisions of the SOFA. As you said, this agreement makes it possible to transfer the custody of a suspect before indictment. Before this agreement it was not possible to do that. And, this agreement opened the way for pre-indictment transfer of custody. But, at this moment, all I can say is that we intend to maintain close contact with the United States side and also with the Japanese police authorities to approach this matter appropriately and expeditiously.

IX. United Nations Law of the Sea and Senkaku Islands matters

Q: I understand that the exclusive economic zone under the Law of the Sea is going to become effective tomorrow. I wonder if you can confirm that one. Without having too much on the light house, would it be true to say that this incident in the Senkakus is rather unfortunate given the timing?

A: I can confirm that the United Nations Law of the Sea Convention will enter into effect on 20 July vis-a-vis Japan, because this is the 30th day after the deposit of the instrument of ratification with the United Nations.

Q: So, is the timing of this incident with the light house somewhat unfortunate, given that, for example, Japan has already had two rounds of fishing talks with the Republic of Korea? I believe Japan has not yet started any talks yet with China on matters pertaining to disputes on the Senkaku Islands.

A: Let me correct you there. We have had one round of informal fishing talks with the Republic of Korea, and we have also had one round with China. We intend to continue these talks, with a view to reaching an agreement as soon as possible. We have to work with the Governments of China and the Republic of Korea to establish a new fishing order which is in keeping with the new United Nations Convention on the Law of the Sea, and we will be working on that.

Q: The Chinese Foreign Ministry spokesman said yesterday about the light house matter that they wanted the Government of Japan to take effective measures immediately to remove the adverse effects arising from this incident. The spokesman also said that the Government of Japan knows what effective measures the Government of Japan should take. Is it possible for you to share those effective measures with us? I understand there was another incident back in...

A: I cannot put words in the Chinese spokesman's mouth. I cannot do that.

Q: You just did say that the Government of Japan was aware ...

A: I am aware of what he said. But, I am not going to comment directly on what he said. I think it was before you came that I explained our position on this matter. Thank you very much.

Japan: Nagasaki Governor Demands U.S. Apology for Assault on Woman

OW2307130896 Tokyo MAINICHI SHIMBUN in Japanese 23 Jul 96 Morning Edition p 2

[FBIS Translated Text] On 22 July, Nagasaki Governor Isamu Takada and Sasebo Mayor Akita Mitsutake visited Chief Cabinet Secretary Seiroku Kajiyama at the Prime Minister's Official Residence. After expressing their appreciation for smooth handover to Japanese police of a U.S. serviceman suspected of committing an attempted murder and robbery in Sasebo City on 16 July, they demanded that to prevent the recurrence of similar incidents, the government ask the U.S. forces to extend an apology and provide compensation to the victim and educate and enforce official discipline among U.S. military personnel in a way that satisfies Sasebo citizens.

Kajiyama replied: "The government has taken the incident very seriously. It is a matter of course for the U.S. military to apologize." He thus indicated that the government would convey their demands to the U.S. forces.

During the meeting, Mayor Mitsutake expressed concern over the impact of the incident on military bases-related issues, saying: "I hope the government will closely watch repercussions of the incident."

Japan: Kato Says Lake Sees Long-Term U.S. Marine Cutbacks in Okinawa

OW2307025596 Tokyo KYODO in English 0218 GMT 23 Jul 96

[By Kohei Murayama]

[FBIS Transcribed Text] Washington, July 22 KYODO - U.S. National Security Adviser Anthony Lake said Monday [22 July] the number of U.S. Marines stationed in Okinawa might be cut over the long term if the North Korean situation improves, said Koichi Kato of Japan's Liberal Democratic Party (LDP).

Kato, LDP secretary general, was briefing reporters on his 30-minute meeting with Lake earlier.

He said Lake expressed hope over North Korea's accepting proposed four-way peace talks on the future of the Korean peninsula, since China has resumed its economic aid in what lake saw as a move to persuade Pyongyang to join the talks.

Kato arrived in Washington on Sunday, and is scheduled to meet more U.S. officials, including Defense Secretary William Perry on Tuesday.

According to Kato, Lake said he sees some U.S. Marines being moved from Japan's southernmost island prefecture of Okinawa "down the road," if the situation in the Korean peninsula allows.

But Lake remained cautious about suggesting any U.S. commitment to such a reduction, noting that it is "difficult to promise" the move when maintaining the current 100,000 U.S. troop level in east Asia remains important to ensure regional stability, Kato said.

Lake explained that the U.S. military presence has other purposes than simply to deal with any threat in the Korean peninsula, and the withdrawal of troops could risk creating a "vacuum" in regional security, triggering an arms race in east Asia.

Kato said that Lake's comments came in response to his opinion that Japan and the United States "should be able to work toward reducing the number of Marines in Okinawa, in the wake of North Korea emerging (from isolation) onto the international stage."

"Such prospects of a reduction in the U.S. military presence in the future will relieve Okinawan citizens' feelings...and will help improve the political situation there," Kato said he told Lake.

Tokyo and Washington agreed in April to cut the area of land occupied by U.S. military facilities in Okinawa by about 20 percent, including through the return of the U.S. Marines' Futenma airfield in five to seven years. But the Okinawa Prefectural Government is strongly opposing the planned relocation of the Futenma facilities to other U.S. bases in the prefecture, as local people have continued to call for the heavy U.S. presence to be cut since the rape last September of a local schoolgirl by three U.S. servicemen.

North Korea has not yet responded to the proposal by U.S. President Bill Clinton and South Korean President Kim Yong-sam in April for quadrilateral talks on a permanent peace agreement to replace the current armistice which divided the Korean peninsula after the Korean War in the 1950s.

However, while in Beijing earlier this month, Lake said he had been encouraged by Chinese leaders voicing their willingness to persuade Pyongyang to accept the proposed talks between North and South Korea, China and the U.S., Kato said.

In particular, Lake cited the recent Chinese plan to resume economic aid to North Korea as underscoring Beijing's policy to encourage Pyongyang by regaining its influence over the country, which has been declining over the past two years, Kato said.

Kato said he told lake that a "firm triangle" incorporating China, Japan, and the U.S. "Is important for regional security," and added that South Korea should also be included in the framework as relations between Seoul and Beijing are expected to improve gradually over the next 10 years.

Lake also noted that U.S. political interest will shift to North Korean issues ahead of the U.S. presidential election in November, but he did not elaborate, Kato said.

On U.S.-Japan economic relations, Kato said Lake reiterated the need to resolve disputes over insurance and semiconductor trade by the July 31 deadline agreed by Clinton and Hashimoto in June.

Japan: Hashimoto Supports Reducing Okinawa's Base Burden

OW2207120196 Tokyo MAINICHI SHIMBUN in Japanese 22 Jul 96 Morning Edition p 2

[FBIS Translated Excerpt] On 21 July, Prime Minister Ryutaro Hashimoto gave a lecture at a party for politicians, businessmen, and intellectuals in Matsumoto City, which was sponsored by the Ehime chapter of the Liberal Democratic Party. In the lecture, Hashimoto touched on Okinawa's bases issue. He said: "Okinawa is forced to host more U.S. bases than any other prefecture for the Japan-U.S. security treaty. While making utmost efforts for the consolidation and reduction of U.S.

bases in the prefecture, the government needs to remove the Okinawa people's hardships as much as possible," indicating that the government would work to lighten Okinawa's burden of hosting U.S. military facilities.

Hashimoto also said: "The state and the Okinawa prefectural government are not necessarily on good terms. But everybody should consider ways to reduce Okinawa's hardships." In this way, he admitted that the relations between the central and prefectural governments were strained over the issue of where Marine Corps Air Station Futenma should be relocated. He also noted the need for the whole nation to study measures to break the present deadlock.

[passage omitted on Hashimoto's remarks on nursing insurance]

Tokyo To Give Shape to Hashimoto's World Welfare Plan

OW2307115896 Tokyo YOMIURI SHIMBUN in Japanese 22 Jul 96 Morning Edition p 3

[FBIS Translated Text] The government will start full-fledged work to give shape to the world welfare initiative (plan) proposed by Prime Minister Hashimoto at the recent Lyons Summit. So far, such ideas as establishing study and training courses to provide developing countries with know-how about such systems as pension and social insurance programs by taking advantage of training projects of the Japan International Cooperation Agency (JICA) have been proposed. As a followup, the Foreign Ministry, the Health and Welfare Ministry and other concerned ministries and agencies plan to appropriate a budget needed for some of the proposed welfare programs in their draft budget request for fiscal 1997. However, since the plan has been decided in the form of the top-down system, there had been no concrete programs worked out before the prime minister proposed the plan, and administrative officials of the concerned ministries and agencies are working hard to give shape to the prime minister's proposal.

The plan is mainly aimed at having industrialized nations present their experiences in creating social security systems and knowledge about them in general, and providing the developing countries with them. The government intends to accelerate work to come up with a draft plan to include it in an economic declaration to be released at the Denver Summit next year after exchanging views on the proposal at such opportunities as meetings of the Organization for Economic Cooperation and Development (OECD) and a Tokyo meeting which the government plans to hold this autumn with Asian ministers in charge of welfare programs.

The government plans to carry out programs even before the Denver Summit. However, the pillar of Japan's plan is not to extend financial assistance to the developing countries but to provide them with know-how about Japan's social security systems such as medical and pension systems. Japan is required to "make the best of its knowledge, experience, and ideas" (according to government sources) to come up with concrete programs. Although some new projects like establishing training courses sponsored by JICA have been proposed, there are officials grumbling about the proposal, saying "we cannot think of any cleaver idea" (according to Foreign Ministry sources).

Japan: Public Safety Head Expected To Attend G-7 Antiterrorism Meeting

OW2307082596 Tokyo KYODO in English 0756 GMT 23 Jul 96

[FBIS Transcribed Text] Tokyo, July 23 KYODO — National Public Safety Commission Chairman Hiroyuki Kurata will attend a meeting of the Group of Seven (G-7) industrial nations and Russia on fighting terrorism to be held in Paris on July 30, the National Police Agency said Tuesday.

Kurata, who is also home affairs minister, will join Foreign Minister Yukihiko Ikeda in the meeting, which will bring together their counterparts from the G-7 countries — Britain, Canada, France, Germany, Italy, Japan and the United States — and Russia, the agency said.

Participants at the meeting will exchange opinions on each nation's countermeasures and international cooperation with a view to further strengthening actions against terrorism, it said.

A ministerial declaration on antiterrorism measures is likely to be adopted and released at the end of the meeting.

The G-7 leaders agreed to convene the meeting at their June summit in Lyons, France, in the wake of a truck bomb attack on a U.S. military base in Saudi Arabia that killed 19 Americans and wounded hundreds more.

It will be the third ministerial meeting of this kind, following one in Ottawa in December 1995 and another in Paris in May 1987.

Japan: Bilateral Auto Talks With Brazil Resume

OW2207145496 Tokyo KYODO in English 1338 GMT 22 Jul 96

[FBIS Transcribed Text] Geneva, July 22 KYODO — Japan and Brazil resumed talks in Geneva on Monday over Brazil's contentious auto imports policy, Japanese government officials said.

The two sides will meet again Wednesday, they said.

The bilateral auto talks were resumed after Brazil proposed a compromise following the breakup in talks in mid-June.

Last December, Brazil announced that tariffs on finished vehicle imports will be lowered to 35 percent from the regular 70 percent if foreign automakers achieved a local content ratio of 60 percent or more in cars made at their Brazilian operations.

The measure has caused Japanese car exports to Brazil to tumble, although industry sources say it is working in favor of U.S. and European carmakers which have local production bases in the country.

After the breakup of the talks last month, Brazil offered a 35 percent tariff without conditions on some finished vehicle imports.

Japan is looking to clarify the number of vehicles that are eligible for the low tariff as well as other details of the Brazilian proposal.

If the two sides fail to agree on a compromise plan during the two-day talks, it is likely that Japan will file a complaint with the World Trade Organization (WTO), the Japanese officials said.

Tokyo, Jakarta Agree Auto Dispute Should Not Affect Ties

OW2207162996 Tokyo KYODO in English
1527 GMT 22 Jul 96

[FBIS Transcribed Text] Jakarta, July 22 KYODO — Japan and Indonesia agreed Monday that overall bilateral relations should not be harmed even if Tokyo files a complaint with the World Trade Organization (WTO) over Jakarta's controversial national car program.

Japanese Foreign Minister Yukihiko Ikeda and his Indonesian counterpart Ali Alatas reached the accord in an hourlong meeting on the wings of a series of high-level talks sponsored by the Association of Southeast Asian Nations (ASEAN), Japanese officials said.

Ikeda told Alatas that Indonesia's national car project should be consistent with international rules and expressed hope it will not affect overall bilateral ties if Japan moves to refer the case to the WTO, the officials said.

Alatas said the dispute should not damage overall relations between the two countries, they said.

The national car project, announced in February, waives import duties and luxury sales tax on cars that use Indonesian brand names, are manufactured by Indonesian companies and are developed with domestic technology, engineering and design.

The plan has come under fire from Japan, the United States and the European Union, which have accused Indonesia of being discriminatory and flouting WTO rules on fair trade.

Last week, Japanese Trade Minister Shumpei Tsukahara told his Indonesian counterpart Tunky Ariwibowo in Christchurch, New Zealand, that Tokyo is ready to file a complaint with the WTO against Indonesia's national car plan.

Japan: Ikeda Expresses Hope for Successful APEC Meeting

OW2207164096 Tokyo KYODO in English
1534 GMT 22 Jul 96

[FBIS Transcribed Text] Jakarta, July 22 KYODO — Japanese Foreign Minister Yukihiko Ikeda expressed hope Monday that this year's high-level talks of the Asia-Pacific Economic Cooperation (APEC) forum in the Philippines in November will be brought to a successful conclusion.

He aired the view in a 45-minute meeting with Philippine Foreign Secretary Domingo Siazon on the sidelines of a series of foreign ministerial talks being held under the auspices of the Association of Southeast Asian Nations (ASEAN), Japanese officials said.

Ikeda also promised each of APEC's 18 members should try its best to offer at the November talks substantial plans to liberalize trade and investment, the officials said.

APEC has agreed to liberalize trade and investment by 2010 for developed members and 2020 for others. The plan is to be implemented beginning Jan. 1 next year.

Ikeda also briefed Siazon on Tokyo's plan to compensate some 300 surviving women forced into sexual servitude for Japanese soldiers before and during World War II.

Beginning this summer, a government-initiated private fund is expected to pay one-time Solatia of 2 million yen each to former "comfort women" from the Philippines, ahead of similar payments to such women from other countries.

Historians estimate that up to 200,000 women, mostly Koreans but also Filipinas, Indonesians, Chinese and Dutch, were forced to provide sex for the Japanese imperial army in front-line brothels.

Siazon said Manila is ready to extend as much cooperation as possible with Tokyo in carrying out the compensation program, the officials said.

Japan: Ikeda, Malaysian Counterpart Discuss Development, Security

OW2207134296 Tokyo KYODO in English 1244 GMT 22 Jul 96

[FBIS Transcribed Text] Jakarta, July 22 KYODO — Japan and Malaysia reaffirmed the need Monday to push for development of the Mekong River basin, Japanese officials said.

The view was shared in a 35-minute meeting in Jakarta between Japanese Foreign Minister Yukihiko Ikeda and his Malaysian counterpart Ahmad Badawi Abdullah, the officials said.

While Ikeda offered to pitch in with Malaysia in developing the basin, Abdullah said it is extremely important to develop the vast area for the sake of the entire east Asian region.

They did not go into specifics on the matter, according to the officials.

The two met in the Indonesian capital on the sidelines of a series of high-level talks sponsored by the Association of Southeast Asian Nations (ASEAN), which groups Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

They also saw eye-to-eye on the importance of the ASEAN regional forum on security, whose third annual session will be held in jakarta on Tuesday, the officials said.

The Japanese and Malaysian foreign ministers also welcomed the steady progress in bilateral relations, especially in the economic field, the officials added.

Japan: Hashimoto Meets Malaysian Trade Minister

OW2307122896 Tokyo KYODO in English 1130 GMT 23 Jul 96

[FBIS Transcribed Text] Tokyo, July 23 KYODO — Prime Minister Ryutaro Hashimoto said Tuesday Japanese companies are demonstrating a greater willingness to invest in Malaysia, officials said.

Hashimoto made the remark in a meeting with visiting Malaysian International Trade and Industry Minister Rafidah Aziz, the officials said.

Rafidah reported that a Malaysian investment seminar in Tokyo had been very successful.

Japan: Hashimoto Seeks China's Early Accession to WTO

OW2307081896 Tokyo KYODO in English 0801 GMT 23 Jul 96

[FBIS Transcribed Text] Tokyo, July 23 KYODO — Prime Minister Ryutaro Hashimoto reiterated Tuesday Japan's hope for China's early accession to the World Trade Organization (WTO), government officials said.

The officials said Hashimoto conveyed Japan's hope to Wu Yi, Chinese minister of foreign trade and economic cooperation, who paid a courtesy on him in the afternoon.

"(Japan) hopes that China will join (the WTO) as early as possible. It has been conveyed repeatedly to leaders of various countries," Hashimoto was quoted as saying.

Wu is in Japan to attend a regular Sino-Japanese meeting on promotion of Japanese investment in China.

Wu expressed hope that discussions at a seminar on the WTO to be held in Japan in October this year will contribute to debate on China's membership in the Geneva-based world trade watchdog, the officials said.

Japan: Island Dispute Triggers Hong Kong, Taiwan Protests

OW2207142496 Tokyo KYODO in English 1350 GMT 22 Jul 96

[FBIS Transcribed Text] Hong Kong, July 22 KYODO — Demonstrators in Hong Kong and Taiwan on Monday vented their anger over Japan's restated claim to the disputed islands in the East China Sea by burning the Japanese flag and delivering protest notes to Japanese representatives.

In Hong Kong, the Teacher's Professional Union and Teacher's Working Union organized separate protest marches to the Japanese Consulate shouting "Japanese go home."

Carrying placards and banners saying "protect the Diaoyu islands" and "the Diaoyu Islands are Chinese, don't invade," the groups presented their protest letters to the Japanese Consulate. The islands are called Senkaku Islands in Japan.

In Taipei, around 20 members of Taiwan's China Patriotic Association burned the Japanese flag at the Japanese Representative Office and delivered a protest letter.

"We received the letter and repeated that the Japanese Government has already made its stance clear," a spokesman for Japan's Taipei Interchange Association told KYODO news.

The Japanese Foreign Ministry said Friday the isles are part of Japan's "indigenous territory."

Last week, Japan's Coastguard confirmed that a Japanese right-wing group, the Japan Youth Federation, had built a five-meter high lighthouse on one of the disputed isles.

The uninhabited isles, located some 200 kilometers northeast of Taiwan proper and 160 km north of the Yaeyama islands in Japan's southernmost prefecture of Okinawa, are also claimed by China and Taiwan.

The lighthouse construction, which became known just days before Japan declared a 200 nautical mile exclusive economic zone along its coasts, has refueled the territorial row and Taiwanese fishermen's anger over Japan's turning them away from the rich fishing grounds near the disputed isles.

Earlier in the day, Taipei reiterated its claim to the islands for the first since the isles dispute flared up, the semiofficial Central News Agency (CNA) reported.

"(The Diaoyu Islands) from a historical, geographical and legal point of view belong to our country," CNA quoted the Interior Ministry as saying.

Last week the Chinese government urged the Japanese Government to remove the lighthouse stating the islands belonged to China "since ancient times."

Two Taiwanese fishing cooperatives have said they will send several hundred fishing boats to the Senkaku Islands and raise the Taiwanese flag there later this month to underline Taiwan's territorial claim to the isles and to protest the expulsion of Taiwanese fishing boats from the area.

Japan claimed the islands in 1895 and the United States, which had administered the isles after World War II, returned them to Japanese sovereignty in 1972 together with Okinawa despite protests by China and Taiwan.

Japan: PRC To Provide DPRK With Full-Scale Assistance

OW2307114296 Tokyo YOMIURI SHIMBUN in Japanese 21 July 96 Morning Edition p 5

[FBIS Translated Text] Beijing, 20 July — A Beijing source familiar with relations between the PRC and DPRK revealed on 20 July a summary of the terms of the "Economic and Technological Cooperation Agreement" concluded in May 1996 between the two countries. The terms of the joint agreement, which have yet to be publicly announced, include the following commitments of economic assistance made by the PRC to the DPRK — 1) for the next five years, 500,000 tons of foodstuffs, 1.2 million tons of petroleum, and 1.5 million tons of coal will be provided each year; 2) half of the assistance will be provided in the form of a grant, with the remaining half to be traded at a friendly price; and 3), 80 percent of other consumer goods, as well, will be provided at a friendly price. This joint agreement, which revives "friendly price transactions" (trading among socialist countries at lower than international market prices), a practice halted in the early 1990's following the end of the Cold War, demonstrates how seriously the PRC is committed to assisting the DPRK. It also serves as a "life line" to a DPRK confronted with an economic crisis.

The "Economic and Technological Cooperation Agreement" was signed in May by PRC and DPRK representatives during a visit by DPRK Vice Premier Hong Song-nam to the PRC. Such agreements were concluded for each of the PRC's five-year plans. The PRC and DPRK negotiated and reached this agreement in time for the ninth five-year plan which started this year.

As for the strategic materials of food, petroleum, and coal, the PRC has put together a "workable economic assistance program" (according to the source) by expanding the framework of the grants to cover half the assistance and reviving "friendly prices."

The source did not provide details on the extent of actual preferential treatment connoted by "friendly prices," however, during the Cold War era, the PRC furnished materials at one fourth the international market price. It is quite likely that in this instance, as well, similarly preferential terms were agreed upon.

Over the last several years, troubles have ensued in trade between the PRC and DPRK, due to a severely worsening DPRK economy and, among other things, the country's failure to pay its bills.

Therefore, regarding "friendly price transactions," the joint agreement calls for "payment in advance," and should the DPRK be unable to come up with the cash, the agreement clearly stipulates that the materials will not be delivered. Settlement is believed to be made in U.S. dollars.

Separate from this long-term assistance plan, the PRC has sent food assistance on three occasions to the DPRK since last summer (1995). According to the same source, 180,000 tons were provided in 1995 and 120,000 tons this year, for a total of 300,000 tons.

The PRC has adopted a full-scale plan to provide assistance to the DPRK because if the DPRK economic condition worsens any further, the PRC fears its own reform and liberalization policies could be gravely affected.

The Beijing leadership has decided with respect to the Kim Chong-il government that "its political foundation is not being rocked" (according to a source in the PRC Ministry of Foreign Affairs). However, should the economy of the DPRK continue to worsen, an influx of refugees into both Jilin and Liaoning, which border the DPRK and in which many ethnic Koreans live, would be expected, and this would inevitably lead to a heightening of political tensions in the local area and a worsening of the investment climate.

The source familiar with relations between the PRC and DPRK emphasized the following, "the primary objective of the Chinese Government in providing assistance to the DPRK is stability on the Korean peninsula, and not making what has been perceived by some as an attempt to check the apparent rapprochement in U.S. relations with the DPRK."

The 35th anniversary of the conclusion of the PRC-DPRK Friendship Cooperation Mutual Assistance Treaty fell during mid-July, and a flotilla of PRC Navy missile destroyers made a goodwill visit to the DPRK for the first time. The same source made it clear that [the flotilla] "was dispatched at the insistent request of the DPRK." He refuted the alarms raised in the ROK mass media that "PRC-DPRK military cooperation is being restrengthened." In fact, prior to deploying the flotilla, the PRC notified the ROK Government and sought its understanding.

Japan: Shinshinto's Hosokawa Leaves for New Zealand

OW2307122796 Tokyo KYODO in English 1122 GMT 23 Jul 96

[FBIS Transcribed Text] Tokyo, July 23 KYODO — Former Japanese Prime Minister Morihiro Hosokawa, one of senior members in the largest opposition Shinshinto (New Frontier Party), left Tuesday for New Zealand to study that nation's successful administrative reforms.

Hosokawa, whose Japan New Party dissolved when it merged with other opposition groups to form Shinshinto, is one of the initiators of a nonpartisan study group for administrative reform.

Hosokawa became prime minister in August 1993 as head of a coalition government that ended the Liberal Democratic Party's longtime monopoly on power, but a money scandal forced Hosokawa to resign in April 1994 after only eight months in office.

Japan: Finance Official Dismisses Interest Rate Hike Speculation

OW2207120096 Tokyo KYODO in English 1024 GMT 22 Jul 96

[FBIS Transcribed Text] Tokyo, July 22 KYODO — Vice Finance Minister Tadashi Ogawa on Monday moved to dismiss speculation about a possible imminent hike in Japanese interest rates that was triggered by recent remarks from U.S. Federal Reserve Board Chairman Alan Greenspan.

At a news conference, Ogawa said there is no change in the government's economic assessment that the Japanese economy is moving toward recovery, although the recovery is only moderate.

The Bank of Japan (BOJ) will manage monetary policy appropriately while closely watching economic conditions at home and abroad, he said.

Ogawa warned against any speculative response by financial markets to congressional testimony last Thursday from Greenspan.

Greenspan told Congress there is little evidence that inflationary pressure is increasing but also said the U.S. central bank would move to tighten credit if signs emerge that inflationary pressure is increasing enough to hamper sustainable economic growth.

Those remarks triggered speculation that the Fed might raise interest rates in the near future, followed by similar action from the BOJ.

Japan: BOJ Says 'Moderate' Economic Recovery Continues

OW2307085496 Tokyo KYODO in English 0831 GMT 23 Jul 96

[FBIS Transcribed Text] Tokyo, July 23 KYODO — The Bank of Japan (BOJ) reiterated its view that the nation remains on track toward moderate economic recovery in its quarterly economic outlook issued Tuesday.

The central bank said, "a moderate economic recovery continues in Japan."

"Corporate profits and business confidence continue to improve against the background of an increase in final demand," it said.

On monetary policy, the report said the central bank should aim at strengthening the momentum of economic recovery, adding "careful examination needs to be given to developments in the economy."

Japan: New 'Jusen' Fund Expected To Set Up in Oct

OW2307105196 Tokyo KYODO in English 0947 GMT 23 Jul 96

[FBIS Transcribed Text] Tokyo, July 23 KYODO — A new fund designed to ease taxpayers' burden in a scheme to liquidate seven failed housing loan companies, known as "jusen," will be established as early as October, Japan's banking industry chief said Tuesday.

Shunsaku Hashimoto, chairman of the Federation of Bankers Associations of Japan, said, the fund will be probably set up at a time when the housing lenders' businesses are transferred (in October) to Housing Loan Administration Corp., a body which will manage recovery of the companies' credits.

The Finance Ministry plans to create the fund as a way to offset 685 billion yen in taxpayers' burden in response to a strong public anger over such a burden in the jusen liquidation scheme.

Individual banks' contributions to the new fund should be decided in accordance with a formula to allocate money to another fund, a financial system stabilization fund which is designed to cover losses expected to emerge in the future in the process of recovering the jusen loans, Hashimoto said.

On interest rates on loans to be offered from the private sector to Housing Loan Administration Corp. for its purchase of jusen's outstanding credits, Hashimoto said, "the lower the interest will be, the better the financial situation of the body will be."

Japan: DA Plans To Seek 4.5 Percent Rise in FY97 Spending

OW2307030996 Tokyo KYODO in English 0303 GMT 23 Jul 96

[FBIS Transcribed Text] Tokyo, July 23 KYODO — The Defense Agency [DA] plans to seek a 4.5 percent increase in spending on defense in fiscal 1997 [FY97], excluding that needed for relocating U.S. bases in Okinawa, agency officials said Tuesday.

The increase would be far above the 2.58 percent rise allocated to the agency for the current fiscal year after its initial request for a 4.1 percent growth in its spending.

Defense Agency officials said they presented the increase sought for fiscal 1997 when they met officials in charge of defense affairs within Prime Minister Ryutaro Hashimoto's ruling tripartite coalition.

The increase reflects rises of some 70 billion yen in personnel costs and some 120 billion yen in mandated payments due for this year for the purchase of defense equipment in the past, they said.

But it is unclear whether the budgetary request will be met, given that the Finance Ministry has taken a tough stance on the need to trim government spending next fiscal year, including defense and foreign aid expenditures, long considered "sanctuary" budgetary categories safe from cuts.

Even within the ruling coalition, a consensus is unlikely to be reached easily because, given that the Cold War has ended, the pacifist Social Democratic Party is calling for a halt in the growth of defense spending, including the cost of relocating U.S. bases in Okinawa as agreed at the Japan-U.S. summit last April.

The ruling coalition has agreed to study budgetary measures to finance relocation of the U.S. bases separately from defense spending.

The cabinet is scheduled to formally decide next Tuesday on the ceilings to be imposed on budgetary requests for fiscal 1997.

Japan: Editorial Urges Further Disarmament Efforts

OW2207143396 Tokyo MAINICHI SHIMBUN in Japanese 22 Jul 96 Morning Edition p 5

[Editorial: "Goals for Peace and Disarmament Are Not Presented]

[FBIS Translated Text] Over the past one year, Japan's security and defense policy has radically changed.

The "National Defense Program Outline," which had been the defense guideline in the Cold War era, was revised last November for the first time in 20 years. In addition, Japan and the United States "redefined" the bilateral security arrangements last April, and the bilateral joint declaration on security proclaimed a move of the bilateral alliance toward the 21st century.

The 1996 defense white paper has been subtitled "Ways to Deal with the New Era." The Defense Agency [DA] and the Self Defense Forces [SDF] said that the subtitle expresses the opening of the new era following settlement of various important pending issues.

Although there is no doubt that the situation has actually changed as the report says, there is something that is totally omitted from the white paper.

The post Cold War structure has taken root, and the possibility of direct threat from foreign countries, such as an attack against Japan, has radically diminished in Northeast Asia. Under such circumstances, however, the white paper fails to present in detail Japan's own strategy for maintaining peace as well as its disarmament efforts.

Needless to say, the military situation surrounding our country has changed greatly. Until last year, the report termed the Russian forces, which were regarded as a potential threat during the Cold War era, the "unstable factor in this region." However, the latest report does not call them an unstable factor. Instead, it proposes in a softened tone that "There is still uncertainty in their moves, and we need to pay attention to them."

Such a change in Japan's attitude is reasonable. This spring, Japan and Russia agreed to promote security dialogues, including exchange of calls by their vessels. As the first step, the SDF escort ship "Kurama" will make a goodwill visit to Vladivostok on 28 July with U.S. and ROK vessels for the first time. In the future, the two countries will surely study ways to build confidence and maintain transparency, including acceptance of Russian vessel calls at ports in Japan, notification of military drills, and conducting mutual inspections.

The report also says, "It is important to strengthen a relationship of trust by promoting security dialogues between defense authorities and defense exchange programs so that an unnecessary military buildup, an unexpected situation, or an expansion of such a situation can be prevented."

If they really mean it, the DA and the SDF should expand, in cooperation with the Ministry of Foreign Affairs, security dialogues not only with Russia but also with Asian countries, including ASEAN nations, China, and the ROK. Dialogue with the DPRK (North Korea) is also essential. In this regard, we have to say the white paper does not study the subject thoroughly enough.

In connection with this, the report expresses its wariness toward the Chinese military for the first time, saying "We need to watch its movements closely." However, is such an expression appropriate? Does the DA seek to term China the new threat? China has already shown its concern about the Japan-U.S. joint declaration on security. Japan could be caught in a vicious circle of new conflicts with China, because of such an expression.

Regarding the DPRK, the report repeatedly uses the ambiguous expression that "the DPRK is believed to be trying to develope long-range missiles," and points out that "it is the critical factor of instability." However, such unclear analysis seems to only end up increasing people's distrust.

After the end of the Cold War, European countries and the United States, one after another, have reduced military expenses. Japan has suffered from a deteriorating financial situation. It has no other choice but to suppress its defense budget, which now becomes the fourth largest in the world. The report without strategies for peace maintenance and disarmament can hardly be called "the white paper for the new era."

Japan: Editorial Notes Significance of 1996 Defense Report

OW2207144696 Tokyo NIHON KEIZAI SHIMBUN in Japanese 20 Jul 96 Morning Edition p 2

[Editorial: "Defense White Paper Announces Arrival of 'New Era'"]

[FBIS Translated Text] Defense Agency [DA] Director General Hideo Usui explained to the 19 July cabinet meeting contents of the 1996 defense white paper on measures to "deal with Japan's defense in the new era" and the cabinet approved it. New era means that the Cold War has ended and the possibility of global war has diminished. It also points to the post-Cold War era, which is accompanied by the danger of proliferation of mass destruction weapons and escalating ethnic and religious conflicts.

In addition to the fact that China is building its military strength and that the situation on the Korean peninsula is becoming uncertain, it is said that the countries surrounding Japan are attaching importance to the "reality of the post-Cold War era in Asia," where people are reportedly concerned about the causes of instability. Because of this, the white paper reconfirms the importance of the Japan-U.S. security system, saying that "its contributions to peace and stability in the region surrounding our country are of great significance." Then, the white paper says that the security system itself is entering a new era.

Regarding China, the white paper points out, among other thing, the followings: 1) China's defense budget has been growing by 10 percent a year for eight consecutive years, and increased 11 percent in fiscal 1996; 2) China has as many as 90 submarines; and 3) the Chinese Air Force became well armed in the wake of the deployment of Sukhoi Su-27 fighters, which had been purchased from Russia, to the front line. In this way, the white paper explains a view that the Chinese military is "moving toward being composed mainly of regular army, which is capable of dealing with modern warfare."

The white paper also pays attention to the fact that the situation on the Korean peninsula is uncertain and that the Russian Far East military is still accumulating large-scale war potential, such as nuclear force. Moreover, the paper recognizes the significance of the "Japan-U.S.

joint declaration on security," which was announced at the Japan-U.S. summit in April this year. It points out that the "deterrent force of the United States continues to be a foundation of Japan's security" and that "the Japan-U.S. security system still plays an important role in terms of Japan's security even after the end of the Cold War."

The point that deserves attention in particular is the fact that a new chapter, entitled "diverse rules of the Self-Defense Forces and improvement of the Japan-U.S. security system's reliability," is incorporated in the white paper. This chapter was not included in previous white papers. The DA included this chapter in the paper while keeping in mind the possibility of reviewing the guideline for Japan-U.S. cooperation, which is currently being studied. We can say that this point symbolizes that Japan's defense line itself is entering a "new era."

If this is so, the DA has to explain thoroughly to the people meanings of "new era," which the government emphasized in the white paper, and concrete security that correspond to the new era. Then, the DA has to form a consensus on ideal way of managing the Japan-U.S. security system. This should be the starting point of Japan's security policy.

Japan: Experts on Burden Sharing of Cost for Fusion Reactor

OW2307101396 Tokyo KYODO in English 0909 GMT 23 Jul 96

[FBIS Transcribed Text] Tokyo, July 23 KYODO — A four-way committee of experts on joint development of an experimental nuclear reactor has worked out a report, saying the country hosting the reactor should shoulder some 50-70 percent of the project's overall cost, Japanese Government officials said Tuesday.

The committee is made up from experts on the nuclear powers from the four participants to the project,—Japan, the United States, Russia and the European Union (EU), said the officials at Japan's Science and Technology Agency.

The report said the "core" part of the project, which includes its centerpiece, the reactor, would account for some 40-70 percent of the entire project cost, according to the officials.

The committee decided that the cost of this part of the project would be shared equally among the four participants, the officials said.

But they said the committee also decided it would be appropriate for the country hosting this part of the project to also shoulder the remainder of the project's overall cost.

On this basis, if the "core" part of the project constitutes 40 percent of the overall cost, the host country would pay one quarter of this, or 10 percent, of the overall project cost.

It would also pay the remaining 60 percent of the project's total cost, effectively giving it a 70 percent share in the project's overall cost.

Even if the "core" part of the project were to account for 70 percent of the overall cost, the host country would end up shouldering some 50 percent of the overall cost of the project, the officials said.

Construction of the reactor is estimated to cost some 1 trillion yen and could require an outlay of 700 billion yen over a decade.

The reactor, known as the international thermonuclear experimental reactor (ITER) is designed to study nuclear fusion, with the start of operation slated for 2005. Japan is bidding for the site against the other participants in the project.

The committee will present its report to the project's board of directors at a July 24-25 meeting in the Russian city of St. Petersburg.

Japan: Domestic Political Situation Assessed

OW2207134596 Tokyo EKONOMISUTO in Japanese 16 Jul 96 PP 43-47

[Roundtable by five unidentified political reporters specializing in domestic political affairs]

[FBIS Translated Text] [Reporter A] On 18 June in the latest movement of the projected launching of the so-called Hatoyama-Funada new party, six men held a meeting: Yukio Hatoyama and Naoto Kan from Sakigake [Harbinger], Kunio Hatoyama and Hajime Funada from the New Frontiers Party [NFP], Banri Kaieda of the Citizens League, and Akihiro Ohata of the Social Democratic Party [SDP]. The meeting apparently did not exchange views with regard to the projected new political party.

The fact that Funada who had been taking a cautious attitude participated in the meeting may be suggesting the possibility of forming a new party, because Funada is presumed to think of participating in the new party with an eye on the intraparty situation of the NFP.

Although Yukio Hatoyama has taken frequent contacts with Kaieda and Funada, strong indications are that they have not yet come to the heart of the matter.

[Reporter B] Funada stayed for about half-an-hour at the six-man meeting and did not seem to have discussed the heart of the matter. Asked about the truth of having held a meeting, Funada stopped short at his statement that "I met Kunio Hatoyama but nobody else." The reasons behind his having two strings to his bow in simultaneously attempting reforms in the NFP and contemplating the formation of a new party are that he is paying attention to his supporters' association that has backed up three generations of the Hatoyama family and his opposition to the whitewashing of the SDP and Sakigake as a whole.

Thus, he is expected to go on saying the same expression that "I will think about it after the general election."

Lately Kunio Hatoyama is more enthusiastic about the new party and asks us "to call the project 'S.S. Brothers' (alluding to Yukio and Kunio Hatoyama) rather than 'S.S. Hato-Bune'(alluding to Yukio Hatoyama and Hajime Funada)."

[Reporter C] According to the view of some Liberal Democratic Party members, Funada, who once became fainthearted and made negative remarks, has recently changed in his attitude. At first, he had attempted to join the new party by taking along with him such people including Sanae Takaichi who participated the NFP as one of the last batch of people. His attempt was, however, blocked and he became helplessly isolated. Because he cannot maintain an influential position in the new party without having taken some people along with him, he had to withdraw. As it became apparent that he could take along with him several young politicians of the former Japan New Party, he became enthusiastic again, was it not right?

[Reporter B] But there is some wavering in that respect. While making enthusiastic remarks on one hand, he falls silent. Right after the plan of Hatoyama's new party was publicized, he denied of joining it but in recent days it became conspicuous that he makes no comment on it. That silence may indicate that something is going on under the surface, proof that the plan is in progress.

[Reporter C] On the part of Kunio Hatoyama, his splitting with the party would render little impact because he has only one follower who is his former secretary and now a member of the House of Councilors. Contrarily in Funada's case, some people would follow him. And the character of the new party planned by Hatoyama and Funada would be decided by the people who would follow the boss. The LDP presumes them to be from the former Japan New Party. In recent days, it seems that the former Japan New Party people are making approaches to Funada.

The Disunited "Gang of Seven"

[Reporter D] The story of a new party contemplated by Hatoyama and Funada was made public by the NIHON KEIZAI SHIMBUN's 3 April report on their meeting. But it was doubtful whether they had seriously thought of establishing a new party at that time. I would rather presume that the story beame sensational beyond their expectation by responses of the mass media.

But at the meeting on 18 June, Funada said "mutual trust is what counts" and added "the new party should not include Tomiichi Murayama and Masayoshi Takemura." Kunio Hatoyama was on record that "the SDP and Sakigake as a whole is not welcome." Frankly speaking, I am not sure but there are two ways of looking at it: the first view is that the plan will be revived again with the participation of Funada and the "gang of seven" consisting of the original six men and Takahiro Yokomichi, former Hokkaido governor and the second view that no progress was made despite the fact seven men gathered.

In my opinion, there has once been a good mood because seven men assembled but because each of the seven faced intraparty problems, it became difficult for the plan to proceed further.

[Reporter C] It is reported that one of the seven men considered at first was Hirotaka Akamatsu, the former Social Democratic Party of Japan's [SDPJ] secretary general, not Ohata.

[Reporter A] Yukio Hatoyama was incompatible with Akamatsu and felt no sense of intimacy with him. When Sadao Yamahana was at work to form a new party, Akamatsu leaned toward the NFP. Therefore, it is a misunderstanding that Akamatsu was involved.

[Reporter D] Six out of the gang of seven were easily imaginable but Ohata was not identifiable. He was elected a member of the House of Representatives in the Ibaragi Prefecture with the backing of the All Japan Federation of Electrical Machine Workers' Unions [Denki Rengo] and Denki Rengo was enthusiastic about the new party scheme. Although unconfirmed, a weekly magazine report had quoted Ohata as saying to Hatoyama "Denki Rengo has money."

[Reporter B] In that respect, Yokomichi has influence in Hokkaido in mustering the force of the former SDPJ. He had an experience of initiating a campaign among the nationwide local parties that resulted in forming J-Net. Last year when the SDPJ and Sakigake were in the process of working out an idea for a new party, a group called the Liberal Forum was formed by Hatoyama, Yokomichi, Kaieda, SDPJ's Masanori Goto and Sakigake's Yuichi Takami and the group has an experience of having launched a nationwide campaign.

Before any concrete processes were worked out, the mass media had waged heated coverage that built up imaginary image of a new party. Frankly speaking, political reporters were to blame for having too much expectations in totally uninformed situation.

That image itself is greatly wavering. Funada repeatedly insists unity of new conservatives but it is naturally opposed by Yokomichi and Kan. When Funada said, "the right of collective self-defense should be recognized," Hatoyama commented, "Funada went too far to the right than Ozawa." Without debating and making adjustment on that point, Funada made public his views before the mass media, making the difference with other people more apparent.

"YKK Is Playing With Fire, Hatoyama-Funada With Water"

[Reporter C] With respect to response shown by parties, the LDP thinks that it can cooperate with Hatoyama when the LDP by itself cannot expect to win the majority, if Hatoyama who is a partner of the incumbent coalition government remains to be the leader. Even if Funada joins, he is close to the LDP in respect of anti-Ozawa sentiment. A new party usually gets more votes in urban areas where the LDP is weak, so it does not have to worry about losing its votes to the new party. Therefore, the LDP is not basically on serious guard against the new party.

The LDP, however, thinks a single-party regime the best and a majority of its party members want to do away with the present situation in which Sakigake and the SDP pull about the government. When the partners are on the verge of breaking up, the LDP may detest to forming an alliance with other camps. When coming to the fear of going back to an opposition party once again, the LDP would strongly welcome a force that will encroach and destroy even a bit of the NFP.

[Reporter E] Noboru Takeshita had this comment, "If YKK [an anti-Ozawa trio of Taku Yamasaki, Koichi Kato and Junichiro Koizumi] is likened children playing with fire, the new party planned by Hatoyama and Funada is grandchildren playing with water."

[Reporter D] From the LDP's standpoint, there is a sense of relief that the Hatoyama-Funada's new party would not conspire with the NFP. The only point it cannot comprehend is what the Hatoyama-Funada's new party means to the so-called conservative-conservative force. The mind of Chief Cabinet Secretary Seiroku Kajiyama cannot be read.

[Reporter C] Former Prime Minister Yasuhiro Nakasone was not merely chaffing when he criticized the Hatoyama-Funada's new party as "soft cream." In Nakasone's eyes, these movements seemed to be movements intended for change of generations, not movements of liberals or something else. Takeshita said that the YKK group was playing with fire because he feared that change of generations in the LDP would split the party itself. Although the projected Hatoyama-Funada party is an extra-party movement, those who want to keep the parties intact fear its unity with the YKK group would induce a party split.

Kajiyama was quoted to have said, "Ice cream melts in summer and hardens in winter. A new party gets less fresh in two months. So, the boom will be gone if tHe new party is formed and maintains itself until January." This is another form of expressed precaution.

The LDP's executive department officials do not worry much about party members going over to the new party. It is because leading LDP officials see that such probability is limited to those who were forced to make disadvantageous choice in the adjustment of getting the official recognition from the party, who were listed on the roster of proportional candidates against their will or new faces who failed to get the party's official recognition. They say that "no sane people" other than those exceptions "would do that."

[Reporter D] On the part of Hatoyama, it is desirable that some LDP people would join the new party with respect to the new party's balanced lineup. As a matter of fact, it looks like true that the YKK group, especially Junichiro Koizumi, must have been approached.

The LDP "Should Organize a New Party"

[Reporter E] In May, in fact, the LDP's executive department completely changed its response. On 14 May the LDP's Koichi Kato and Taku Yamasaki met Sakigake's Kisaburo Tokai and Hiroyuki Sonoda and urged them to "organize a new party and we will back you up." Before that, the LDP had been making individual approaches to those in Sakigake and the LDP who were calling for political realignment. But such individual approaches came to a complete halt and the formation of an outside new party is urged. Since then it is rather poking its nose into the NFP.

What Kato and his supporters are afraid of is that after the election the group aiming at a conservative-conservative alliance will launch a campaign to muster a majority by winning much of the NFP members to its side. In such case, a strong friendly force outside the party can hold such movement in check. Because of such countermeasure on the move, actions are becoming complicated for Hatoyama, Funada and former prime ministers Tsutomu Hata and Morihiro Hosokawa of the NFP.

[Reporter C] The LDP estimated the number of votes it can collect in the coming election. Although Katsuhiko

Shirakawa, director general of the LDP's Election Bureau, estimates to win a majority by itself, the severe estimates have the figure at 220 to 230 at their best. No stability of the government is assured unless 60 to 70 are finally won over from outside. Because the number of Sakigake's members only would not suffice, it is wished that Sakigake change its attire. Left as they are, the SDP and Sakigake will cease to exist. So it is better for them to survive in some proper form. For that purpose, Sonoda and his supporters are doing their best behind the projected Hatoyama and Funada party.

[Reporter A] Tokai, who was close to the YKK group in the beginning, was presumed to have thought of winning the heart of Koizumi and so on. But Tokai himself is planning to form a new party led by Takemura, different from the ideas of Hatoyama. Sonoda is reported to be making prearrangements in his contacts with the NFP and the LDP, with much hope on the activities of Hatoyama and Funada.

[Reporter D] The aforementioned date of 14 May was a turning point that reinforced the expectation that the plan would be formalized thanks to the welcoming attitude of the LDP's executive department. At that point Funada turned negative and the intraparty situation applied brakes on hopeful Sakigake and the SDP. That was what had happened, I think.

[Reporter A] Within the Sakigake, the stance of Shusei Tanaka is not certain because he is completely uncommitted in his remarks about the political situation. Reflected in such reference as "Sakigake's Monroe Doctrine," he seems to be in the center of those who worry about the new party movement. He is even understood to be in favor of going into the election on its own. That is reflected in such restraining remarks to Hatoyama that "You still are Sakigake's secretary general." He has a high esteem of Takemura and seems to be afraid of worsening Takemura's treatment when the change of generations is accelerated.

Takemura is basically in favor of forming a new party but is dubious about whether a force including the NFP would be assembled as the election approaches. I do not think that its basic stance has changed that campaigning with the SDP in the coming election is the best way. The only bet it has on Hatoyama is whether he could bring the NFP over to this side.

[Reporter E] Probably Sonoda's opinion is that it is all right for the SDP as a whole to participate in the new party after the new party is formed with those of the NFP and the LDP affiliated to Sakigake. If Sakigake and the SDP initiate the new party movement, it gives out an impression that Sakigake has been absorbed into the SDP. Because the conservative-centered image is important, it is better that the Hatoyama-Funada's new party is formed first and that the SDP joins it later.

It is no surprise to see far dynamic moves take place in the political world where various expectations are jumbled together.

An Attempt of "Anti-Ozawa Coup d'Etat"

[Reporter C] Some LDP members even think that Takemura might take charge of a big new party with cooperation of Kan.

[Reporter E] Contrarily, Kan might play his best card, that is Takemura. Within Sakigake, Takemura is most popular. Kan knows well that neither Hatoyama nor Kan has that popularity.

[Reporter C] The LDP side thinks that Sakigake cannot sever its relation with Takemura, because his abilities are precious. In the case of Murayama, it is different because his role is finished and his image is the Social Democratic Party of Japan [SDPJ] itself. So far new parties have succeeded because they took new conservative policies that are far right than that of the SDPJ and the people were attracted by them.

[Reporter E] Hosokawa is saying the same thing. He said that there is no future unless the middle class in urban areas is aimed at because their population is overwhelmingly on the increase.

[Reporter C] The LDP's Hiromu Nonaka in a speech pointed out, "Former Prime Minister Hosokawa is the key person."

[Reporter B] In the evening on 20 June there was a meeting of Ozawa, Hata and Hosokawa who acted as host. Hosokawa told Ozawa that "the Japan-U.S. security arrangements would not serve the purpose of uniting the party members nor appealing to the people." He added, "It does no good unless such conspicuously visual things as administrative as well as financial reforms are upheld as our policy targets." It was said that Ozawa nodded in agreement.

[Reporter E] That is the critical concern consistently expressed in Takemura's contributing article in the recent issue of CHUO KORON, in the study meeting launched by Shusei Tanaka and in Hosokawa's initial "Declaration of the Japan New Party." Reforms in administrative as well as financial sectors are such grave concern but at this present stage, nobody dare make remarks on them except the Japan Communist Party.

[Reporter B] Let me say a word about Hata. One of the reasons behind Funada's hesitation is the very vagueness in Hata's way of thinking in the Koshikai, an anti-Ozawa group within the NFP. If possible, Funada wants to take all of the Koshikai members that number more than 60. But he cannot.

As a matter of fact, there was an attempted coup d'etat against Ozawa. It was when Ozawa made a trip to Europe. Because Ozawa had made his intention to resign to his close associates immediately before his departure, Hata took it as "an unmistakable change of the head of the party," and set out to establish a plan for him to take over. At that time, Funada was reported to become the secretary general. Thus Funada had leaned toward launching intraparty reforms, but when Ozawa returned from the European tour, the situation turned out to be quite different.

[Reporter E] That was because Hata had said all the personnel in the executive department shall be reshuffled. The executive department would have followed Hata if he had said, "Only Ozawa will be replaced and all the personnel in the executive department will be left intact."

[Reporter B] For the present, Hosokawa and Ozawa agreed on the all-party unity but Hosokawa's real intention is not known. At one time a report had it that Hiroshi Kumagai's group will launch a new party but nothing more about it is known.

[Reporter D] In connection with the SDP, it can be said after all that it will go along with any party. Difference this year from that of last year is that the SDP has no initiative at all as to the concept of a new party. Ironically speaking, there emerges so much possibility for a new party as the SDP seems to have decided to follow anybody because it cannot make a move due to a large number of members under its wing.

[Reporter E] The question is whether Takako Doi intends to become another Fusae Ichikawa or to take the initiative for a new party in the Kansai area. The Kansai area is the biggest bloc in the proportional constituency because it embraces 16 percent of proportional representatives to be elected throughout the country.

[Reporter D] Separate from the concept of the Hatoyama and Funada new party, there is an idea that a new party will be set up for the election in each of 11 proportional blocs. Hokkaido is far ahead in such movement and a promoters' meeting for launching the Hokkaido new party is scheduled to be held on 27 July. Although Yokomichi and Yukio Hatoyama are participating in the movement but they are not supposed to utilize it for their election campaigns.

In Osaka, an organization by the name of the Democratic Party Osaka was formed last year with the former SDPJ-affiliated labor unions in the center. It is contemplating to stage election campaigns with Takemura and Doi as its sponsors.

[Reporter B] Faced with such situation, Ozawa still adheres to the alliance of conservative-conservatives. Remarks of his close associates summarized Ozawa's thought as follows: "The NFP would not be able to win so many votes but it is all right. If I had 100 unwavering persons who would follow my way of thinking, I might as well repeat the realignment. It is all right with me to join hands with the LDP people who have the same idea." This tells that he is not a man suitable for the party head in the first place; he is a man destined for a reorganization.

The fact that his followers leave him one by one manifests that he is not the kind of man to be the party head. Once there were several close associates including Kumaga but they were gone because they had felt neglected on minor problems.

As of now, Ozawa has four close associates: they are Kenji Yamaoka, Sadao Hirano, Toshihiro Nikai and Taiichiro Nishikawa, who are slandered by foul-tongued people as "four fools." Sometimes three men get mad at one who is authorized to command affairs by Ozawa. A defect of Ozawa's politics is his letting the close associates to take care of everything. One of his close associates was entrusted with distribution of public money subsidized by the government. And this man adjusted in accordance with his liking the amount of money legislative members are to receive. It is natural that such acts are criticized.

"Dissolution of the House" May Signal Start of Action

[Reporter C] The Japan Communist Party has almost completed its preparation for the general election. The LDP is overwhelmingly ahead of other parties. In 36 single-member constituencies, the LDP has not yet decided on officially recognized candidates. Most of them are due to difficulty in giving an official nod because incumbent legislators are competing or because contending NFP candidates are formidable. But such difficult adjustments will be settled at the last moment.

[Reporter D] The SDP has decided on 75 out of 300. The SDP secretariat pleaded its members to run in the election by offering 12 million yen as an individual campaign fund and barely succeeded in winning agreement from three secretaries to run. But Takako Doi is the only hopeful to win. This situation will not change unless a new party is born.

[Reporter A] Sakigake will place its candidates in 47 single-member constituencies. Some members are watching the progress of the new party formation. A half of the candidates are completely without connection with the localities and are placing some hope on the boom of the projected Hatoyama new party.

[Reporter B] Some NFP members refused to be officially recognized on grounds that they cannot expect good results on the NFP tickets. So far it has decided on 226 single-member constituencies and 44 in the proportional district. An effort to place 300 candidates for the election seems to be very severe.

At present what the NFP can do is getting the party united and opposing to the increase in the consumption tax. It plans to propose the deferring the current 3 percent consumption tax and at the same making public a financial reconstruction program in lieu of the tax hike.

[Reporter E] If an election is conducted now, the Japan Communist Party will get the most gain, possibly doubling the current 15 to 30 seats.

[Reporter C] Only the Communist Party will gain, other parties will either lose or maintain the status quo. That way both ends will not meet for other parties and there is a room for new parties to get in. New parties can win if the wind of new parties blow in floating uncommitted constituencies.

It is certain that the time of the House of Representatives' dissolution is between September to January next year. It cannot be after April because the raise in the consumption tax rate has been decided. There are only three choices: that is, early autumn, late autumn, or the yearend to January after the compilation of the budget.

The LDP seemed to have favored conducting the election earlier but these days it backstepped quite a bit. In consideration of the Okinawan problem, it cannot make the SDP a complete enemy. Even if the SDP members are wiped out of the House of Representatives, there are a number of SDP members in the House of Councilors. From the characters of Prime Minister Hashimoto, it is strongly felt that the election will be delayed to January from late autumn. On the other hand, Kajiyama prefers an earlier election.

But these expectations are made on condition that there will be no new parties. When a new party comes into being, big difference will be registered by its character and boom. If the new party arouses a boom, the LDP will attempt to cool it down by delaying the House dissolution.

[Reporter B] For the NFP an earlier dissolution would be preferable, I think.

[Reporter C] The best timing for a new party formation is just like when Sakigake and Shinseito was formed immediately after the passage of the nonconfidence vote in the cabinet. For Hatoyama and Funada must have vivid memory and desire to revive the dream of Sakigake and Shinseito, they are expected to take action once the House of Representatives is dissolved.

Mongolia

Mongolia: Parliament Elects New Prime Minister

LD1907060996 Moscow ITAR-TASS World Service in Russian 0446 GMT 19 Jul 96

[ITAR-TASS correspondent Kim Boldokhonov]

[FBIS Translated Text] Ulan Bator, 19 July — At the head of state's proposal, the Mongolian Parliament today elected Mendsaykhany Enkhsaykhan as prime minister and entrusted him with forming and presenting a cabinet of ministers.

The new head of the government was nominated by the MNDP [Mongolian National Democratic Party] MSDP Mongolian Social Democratic Party] alliance which won the elections to the Great State Hural on 30 June and under the country's constitution received the right to form the government.

M. Enkhsaykhan is 41 years old and an economist by education. After having graduated from Kiev University he worked in Mongolia's ministry of foreign trade. In the past three years he was head of the office of the country's president. He is married and has two children.

Mongolia: New Government Plans To Reduce Number of Ministries

LD1807215496 Ulaanbaatar Radio Ulaanbaatar in English 1930 GMT 18 Jul 96

[FBIS Transcribed Text] [Words indistinct] has submitted a plan to [word indistinct] Hural for a streamlining of the system of government. (?In the preceding) government there were 16 ministries. The new government has proposed that the number be reduced to a total [words indistinct] with the three principal ministries being in charge of justice, finance, and external relations. The other ministries being proposed are those of environment, defense, agriculture and industry, education, infrastructure and [words indistinct]. The multiple posts of deputy premier and deputy [word indistinct] are to be abolished under the plan. The four parties who made up the coalition for the elections have not decided on the number of posts each party will be allocated and meetings are [words indistinct].

North Korea

DPRK: ROK Denounced for Undermining Missile Talks

SK2307070996 Pyongyang Korean Central Broadcasting Network in Korean 1225 GMT 22 Jul 96

[NODONG SINMUN 22 July commentary: "Futile Playing"]

[FBIS Translated Text] The South Korean puppets are misbehaving regarding the missile negotiations between the DPRK and the United States. This can be seen from the fact that they are saying that the United States can make unreasonable concessions toward us regarding the missile issue, that they plan to convey their position regarding this matter to the United States, and so on. Likewise, the South Korean puppets are the ones who are wrapped up in confrontational concept against us and are making undue haste without even knowing what is going on.

The missile negotiations are an issue between the DPRK and the United States. In April, the missile negotiations were held between us and the United States in Berlin. During the negotiations, issues of common interest were discussed comprehensively including the issue of preventing the proliferation of missiles.

Both sides of the DPRK and the United States decided to continue to hold the missile negotiations in the future. As such, the missile negotiations are not a matter into which the South Korean puppets may interfere. Why are the South Korean puppets nevertheless raising such a commotion regarding the missile issue? This is to instill confrontation between us and the United States and to create complications in the missile negotiations, so as to put the brakes on the overall improvement in DPRK-U.S. relations.

Currently, various negotiations are progressing between the DPRK and the United States. This is necessary in doing away with the mistrust which continues between the two countries of the DPRK and the United States, and for the solid peace and security on the Korean peninsula.

However, U.S. conservative forces are not welcoming this and as usual, they are not throwing away the position of strength which is a relic of the old era. They are increasing arms in South Korea and its neighborhood and are holding war exercises opposing us everyday.

The South Korean puppets are clamoring about such things as unreasonable concessions regarding the missile issue in a bid to stimulate the U.S. conservative hardliners into putting the brakes on the wheel of the efforts for improved DPRK-U.S. relations. The South Korean puppets have acted like this on more than one occasion. It is well known how dastardly they acted during the DPRK-U.S. talks related to the nuclear issue on the Korean peninsula to prevent its progress. However, the South Korean puppets, like the dog chasing the chicken, are now staring helplessly at the roof where the chicken stands.

Originally, whenever the puppets were in a crisis, the shabby scheme they used each time was to pull on the pantleg of their master and beg and whine for help.

For the South Korean puppets to say this and that regarding the missile issue is nothing but begging to help just this once since they are in a difficult situation.

Currently, the South Korean puppets are faced with a serious crisis. They are being rejected by the people and are not welcomed by their masters. It is indeed ridiculous for them to talk about conveying someone's position and so on at a time when they are in such a situation.

If a dog barks too much, its master may become angry and may even be beaten by its master. No matter how zealously the South Korean puppets make a fuss about the missile issue, they will get nothing from it. The South Korean puppets should be aware of their lot as well as the realities and stop their futile playing.

DPRK: Students in ROK Struggle Against National Security Law

SK2107102296 Pyongyang KCNA in English 1019 GMT 21 Jul 96

[FBIS Transcribed Text] Pyongyang, July 21 (KCNA) — The student councils of Seoul and four other universities in Seoul and the Federation of Progressive Students of the 21st Century called a press conference recently and decided to form a joint measure committee of students for the abolition of the notorious "National Security Law" (NSL).

NODONG SINMUN today views this move as a just step reflecting the desire of the South Korean students and people for independence, democracy and reunification and their demand for the abolition of the fascist law.

In a commentary the daily says:

South Korea's "NSL" is the worst law negating the nation, opposing reunification and harshly trampling down democracy and civil rights.

With the "NSL" left unscrapped, the South Korean people can never achieve independence, democracy and reunification but may be put on the altar of the fascist dictatorship any time. This is why the South Korean students are struggling for the abolition of the "NSL".

The struggle of the South Korean students and people to scrap the fascist law will grow stronger to dump the Kim Yong-sam clique of traitors as well as the fascist law.

DPRK: South Koreans Protest 'Environmental Degradation' in ROK

SK2107102096 Pyongyang KCNA in English
1016 GMT 21 Jul 96

[FBIS Transcribed Text] Pyongyang, July 21 (KCNA) — South Korean people are reportedly protesting against the environmental degradation by the puppet authorities.

The Coalition of the Environmental Protection Movement launched a one-million-signature-collecting campaign on July 18 to check the construction of a golf course. It vowed to intensify the activities for the withdrawal of the permission to build the golf course.

Saying that if a golf course was built on Mt. Kaya, it would cause a heavy damage including the destruction of cultural remains in the Haein Temple, the coalition called on citizens to join in the campaign against the construction of the golf course.

Some 700 inhabitants in Yochon, South Cholla Province, held a rally and demonstration on the same day, urging the puppet authorities to declare villages around the Yochon Industrial Zone a special disaster area and take a step to resettle the villagers from the area.

The demonstrators said they could no longer live, wearing gas masks, and demanded the resignation of the Yochon "mayor", who has deceived them.

That day, an estimated 1,000 fishermen of twelve fishing villages including Hadan, Saha District, Pusan, staged a marine demonstration, demanding an investigation into wholesale death of fish in the River Nakdong.

They urged the Pusan city office to make a survey of the environmental condition of the river's lower reaches and losses in fishing and pledged to invigorate the activities for saving the river.

DPRK: Japan Denounced for Involvement in Korea Peninsula Issues

SK2107094096 Pyongyang Korean Central Broadcasting Network in Korean
2100 GMT 17 Jul 96

[FBIS Translated Text] The 11 July edition of MINJOK SIBO, which is published by Korean nationals in Japan, carried an article entitled "The Japanese Government's Shameless Behavior."

It pointed out that during the Cheju Island summit talks, Kim Yong-sam, who has become isolated in the aftermath of the collapse of U.S.-South Korea joint cooperative system aimed at suffocating North Korea, and who faces plight as the result of the failure of his politics, attempted to win support and cooperation from Japan to reestablish the so-called cooperative system. The article then wrote that Japan, using the Kim Yong-sam regime's impasse, has increased its voice over issues on the Korean peninsula and has tried to achieve its sinister purpose.

The paper continued: Even though half a century has passed since the end of the war, Japan has not only renounced [chongsan] its past crimes committed against our nation. On the contrary, it is again dreaming of invading our country. This is an unpardonable act. Instead of saying this and that about peace on the Korean peninsula, Japan should first renounce its past crimes.

DPRK-Japan Samhae Promotion Joint Corporation Commissioned

SK2307031396 Pyongyang KCNA in English
0259 GMT 23 Jul 96

[FBIS Transcribed Text] Pyongyang, July 23 (KCNA) — The Samhae Promotion Joint Corp. has been commissioned.

It will be run by the Korean Science Corp. and the Minami Project Co. Ltd., Japan.

The opening ceremony took place here on Monday [23 July].

It was attended by President of the National Academy of Sciences Kim Kil-yon, manager of the Minami Project Co. Ltd. Nam Hwi-so and his companions.

The speakers at the ceremony extended deep thanks to the great General Kim Chong-il, who showed deep loving care for the joint corporation, and voiced the belief that it will make a tangible contribution to the development and prosperity of the Kim Il-song's nation.

A reception was given in the evening.

DPRK: Indonesian Delegates Place Basket at Kim Il-song's Statue

*SK2107100896 Pyongyang KCNA in English
1004 GMT 21 Jul 96*

[FBIS Transcribed Text] Pyongyang, July 21 (KCNA) — The visiting delegation of the Golkar Party of Indonesia led by General Chairman of its Central Committee Harmoko [spelling of name as received] on July 20 laid a floral basket and made a bow before the statue of the great leader President Kim Il-song on Mansu Hill.

DPRK: WPK Holds Talks With Indonesian Delegation

*SK2207061996 Pyongyang KCNA in English
0448 GMT 22 Jul 96*

[FBIS Transcribed Text] Pyongyang, July 22 (KCNA) — A delegation of the Workers' Party of Korea [WPK] held talks with a delegation of the Golkar Party of Indonesia here on Sunday. [Words indistinct] the talks the sides informed each other of the activities of their parties and exchanged views on the question of developing the friendly relations between the two parties and a series of matters of common concern.

Present at the talks on the WPK side were Hwang Chang-yop, secretary of the WPK Central Committee, Kim Yang-kon, vice-director of a department of the WPK Central Committee, and other officials concerned and on the opposite side were the members of the delegation of the Golkar Party of Indonesia headed by general chairman of its Central Committee Harmoko [name as received] and Indonesian Ambassador to Korea Zulkarnain Afri Pane.

DPRK: Indonesian Delegation Visits Kumsusan

*SK2207061596 Pyongyang KCNA in English
0453 GMT 22 Jul 96*

[FBIS Transcribed Text] Pyongyang, July 22 (KCNA) — A delegation of the Golkar Party of Indonesia led by general chairman of its central committee Harmoko visited the Kumsusan Memorial Palace on Mansudae. The guests paid respects to the statue of the great leader President Kim Il-song and then made bows to him, who lies in state.

The head of the delegation wrote in the visitor's book that this palace should be preserved long in order to always remember the history of struggle and feats of His Excellency President Kim Il- song, adding that this place is of great importance in educating the new generation of the DPRK in his revolutionary idea.

DPRK: Yi Chong-ok Meets Pakistan, Indonesia Party Delegations

*SK2207134696 Pyongyang KCNA in English
1146 GMT 22 Jul 96*

[FBIS Transcribed Text] Pyongyang, July 22 (KCNA) — Vice- President Yi Chong-ok, member of the Political Bureau of the Central Committee of the Workers' Party of Korea, on July 22 met the visiting delegation of the Pakistan Muslim League led by M. Iqbal Dar, member of its Central Executive Committee and joint secretary of its Central Committee at the Mansudae Assembly Hall.

The head of the delegation said that though the Great Leader Comrade Kim Il-song passed away, the Korean people have achieved a great success in the socialist construction and that it is because the Great Marshal Kim Chong-il is leading the Korean revolution to victory as demanded by the chuche idea.

Saying that he was greatly encouraged by the achievements of Korea in construction, he wished the Korean people greater success in their future efforts under the wise leadership of the Workers' Party of Korea.

Vice-President Yi Chong-ok today met the visiting delegation of the Golkar Party of Indonesia led by General Chairman of its Central Committee Harmoko.

The head of the delegation said that his party would actively strive to further develop the friendly and cooperative relations with the WPK. He stressed that his party fully supports the proposal for independent and peaceful reunification of Korea.

DPRK: Pakistan Muslim League Brings Gift for Kim Chong-il

*SK2207133196 Pyongyang KCNA in English
1147 GMT 22 Jul 96*

[FBIS Transcribed Text] Pyongyang, July 22 (KCNA) — The Great Leader Comrade Kim Chong-il received a gift from the Pakistan Muslim League.

The gift was handed to Hwang Chang-yop, secretary of the C.C. [Central Committee], the Workers' Party of Korea, by M. Iqbal Dar, member of the Central Executive Committee and joint secretary of the Central Committee of the league, on a visit to Korea.

DPRK: Mongolian Delegation Arrives in Pyongyang 21 Jul

*SK2207062096 Pyongyang KCNA in English
0449 GMT 22 Jul 96*

[FBIS Transcribed Text] Pyongyang, July 22 (KCNA) — A delegation of the Federation of Peace and Friendship Organisations of Mongolia led by its General Secretary D. Bilegt [spelling of name as received] arrived here on Sunday.

[Words indistinct] was met at Pyongyang Railway Station by Chon Yon-ok, vice-chairperson of the Committee for Cultural Relations with Foreign Countries, and D. Byambaa, Mongolian ambassador to Korea.

DPRK: Mongolian Delegation Visits Kim Il-song Statue

SK2207061696 Pyongyang KCNA in English 0454 GMT 22 Jul 96

[FBIS Transcribed Text] Pyongyang, July 22 (KCNA) — A delegation of the Federation of Peace and Friendship Organisations of Mongolia led by its General Secretary D. Bilegt on Sunday visited the statue of the great leader President Kim Il-song on Mansu Hill.

The guests laid bouquets and made respects before his statue.

DPRK: Kim Yong-nam Sends Messages to Colombian, Guinean Officials

SK2207062196 Pyongyang KCNA in English 0451 GMT 22 Jul 96

[Names as received]

[FBIS Transcribed Text] Pyongyang, July 22 (KCNA) — Foreign Minister Kim Yong-nam sent messages of greetings respectively to Maria Ema Mejia on the independence day of Colombia and upon her appointment as foreign minister of Colombia and to Lamine Camara upon his appointment as foreign minister of Guinea.

The messages expressed the belief that the friendly and cooperative relations between Korea and Colombia and between Korea and Guinea would continue developing on good terms in conformity with the principle and idea of the non-aligned movement, and wished them success in the performance of their new duties.

DPRK Named Leader of FAO Asian Regional Group

SK2207104796 Pyongyang KCNA in English 0455 GMT 22 Jul 96

[FBIS Transcribed Text] Pyongyang, July 2 (KCNA) — The Democratic People's Republic of Korea was elected chairman state of the Asian regional group of the Food and Agriculture Organization [FAO] of the United Nations with unanimous approval at the Asian regional meeting of the FAO held in Italy on July 15.

DPRK Envoy Presents Credentials to UN Secretary General

SK2307044396 Pyongyang Korean Central Broadcasting Network in Korean 0100 GMT 20 Jul 96

[FBIS Translated Text] (Kim Yong-ho), new DPRK representative to the United Nations, presented his credentials to UN Secretary General Butrus Butrus-Ghali on 17 July.

During the meeting, the representative conveyed the great leader [widaehan yongdoja] Comrade Kim Chong-il's greetings to UN Secretary General Butrus Butrus-Ghali. The UN Secretary General expressed deep gratitude, and asked the representative to convey his sincere greetings to the great leader [widaehan yongdoja] Comrade Kim Chong- il.

The UN secretary general said he hopes that eternal peace and reunification will be realized as soon as possible on the Korean peninsula. The presentation was attended by UN undersecretaries general in charge of security, administration and development, and peace keeping; assistant secretaries general; the deputy representative and minister of the DPRK permanent mission to the United Nations.

DPRK: Italy, Peru Hold Solidarity Meetings for Reunification

SK2107101696 Pyongyang KCNA in English 1012 GMT 21 Jul 96

[FBIS Transcribed Text] Pyongyang, July 21 (KCNA) — Meetings were held in the June 25-July 27 Month of International Solidarity With the Korean People in Italy and Peru.

A solidarity meeting was held in Rome on July 14.

The International Secretary of the Struggle for the Peace and Socialism of Italy said in his speech that they would make active efforts for dissolving the "UN Command" at an early date, withdrawing all the foreign troops from South Korea and putting into practice the DPRK Government's proposal for establishing a new peace mechanism.

The director of the Citta Aperta Radio Station of Italy in his speech said that Korea should be reunified in accordance with the three principles of independence, peaceful reunification and great national unity advanced by the great President Kim Il-song.

An appeal was published at the meeting.

The appeal called upon all the peace-loving people in the world to actively conduct a solidarity movement supporting the struggle of the Korean people.

On July 11, a meeting was sponsored by the Communist Party of Peru (Red Motherland).

Speeches were made by Chairman of the Peruvian Committee for Supporting the Independent and Peaceful Reunification of Korea Oscar Felipe Bendura and President of the National Executive Committee of the Left Revolutionary Union of Peru Angel Castro Lavarello and other personages.

Speakers said that they would always express support and solidarity for the just cause of the Korean people who are struggling to firmly defend the Korean style socialism and achieve reunification of the country under the guidance of the great leader Comrade Kim Chong-il, holding aloft the red flag of the revolution, the banner of the chuche idea founded by the great leader Comrade Kim Il-song.

DPRK: Kim Chong-il Receives Telegrams From Foreign Party Leaders

SK2307025796 Pyongyang KCNA in English 0245 GMT 23 Jul 96

[FBIS Transcribed Text] Pyongyang, July 23 (KCNA) — The great leader Comrade Kim Chong-il received telegrams from Mamadou Bamou Toure, secretary general of the Sudanese Union-African Democratic Rally in Mali, and Joseph Mukenge Ndibu Lungenika Tshileya, general secretary of the Congo Left League of Zaire on the occasion of the second anniversary of the death of the great leader President Kim Il-song.

Telegrams said that the great feats performed by President Kim Il-song for the human cause of independence would shine forever.

Telegrams expressed the belief that the cause of President Kim Il-song would be successfully carried forward and accomplished because Comrade Kim Chong-il is wisely leading party and state affairs as a whole.

DPRK Report Meeting Marks Kim Chong-il's Guidance to University

SK2207061496 Pyongyang Korean Central Television Network in Korean 1100 GMT 19 Jul 96

[FBIS Translated Text] A report meeting was held at Pyongyang University of Dramaturgy and Cinematics to commemorate the 25th anniversary of the great leader [yongdoja] Comrade Kim Chong-il's on-the-spot guidance to the university.

Comrade Chang Chol; functionaries of the sectors concerned; teaching staff members and students of the university; and authors and artists of the film art sector were present at the report meeting.

Kim U-chol, president of Pyongyang University of Dramaturgy and Cinematics, delivered a commemorative report. The speaker said: We refresh the following memory. On 8 July 1971, the great leader [yongdoja] Comrade Kim Chong-il visited this university in person and looked around the movie cameras room, the film editing room, the rehearsal room, and the film studio. He then published the immortal classic, "On Thoroughly Embodying Socialist Educational Theories in Film and Art Education," thus clearly elucidating the direction and way for the university.

The speaker noted that the university has produced many new-type film artists, who are firmly armed with the chuche-based literary theories of our party and have various artistic talents, for the past 25 years while upholding this valuable teaching of the great general.

He also pointed out the need to nurture more excellent film artists by thoroughly implementing the remarks by the great leader [yongdoja] Comrade Kim Chong-il to the university and his valuable teaching for the film art sector.

After the report meeting, the meeting participants looked around the Educational Results Exhibition Hall that displays the results achieved in educating chuche-style artists.

DPRK: Kim Chong-il Receives Letters From Overseas Koreans

SK2107100196 Pyongyang KCNA in English 0959 GMT 21 Jul 96

[FBIS Transcribed Text] Pyongyang, July 21 (KCNA) — Some 1,090 letters and telegrams were sent to the great leader Comrade Kim Chong-il by overseas compatriots' organizations and ethnic Koreans abroad to commemorate the second anniversary of the death of the great leader President Kim Il-song.

Among them are the Federation of Korean Nationals in China and its branches, the Association for National Reunification in North America, the North America-Korea Friendship Society, the Korean Economists Association in America, chairman of the International United Confederation of Koreans (International Kotongnyon) Kang Il, chairmen of branches of the International Kotongnyon and other organizations and compatriots in Americas, Europe and other regions.

In the letters and telegrams they express strong yearning and reverence for President Kim Il-song and highly praise the enduring revolutionary feats he performed for the country and humankind.

Referring to the great pride of the Korean nation in having great leaders through generations, they pledge to devotedly work for the development and prosperity of the country, the homeland of chuche, and for national reunification, united closely around Comrade Kim Chong-il, remaining unfailingly loyal to him as they determined before the bier of President Kim Il-song.

They wholeheartedly wish Comrade Kim Chong-il good health and a long life.

DPRK: Cambodian, Other Leaders Send Telegrams to Kim Chong-il

SK2207060096 Pyongyang KCNA in English 0445 GMT 22 Jul 96

[Names as received]

[FBIS Transcribed Text] Pyongyang, July 22 (KCNA) — The great leader Comrade Kim Chong-il received telegrams from first Prime Minister Norodom Ranariddh and second Prime Minister Hun Sen of Cambodia on the occasion of the second anniversary of the death of the great leader President Kim Il-song.

Telegrams also came to Comrade Kim Chong-il from foreign party leaders on this occasion. Among them are Narayan Man Bijukchhe, chairman of the C.C. [Central Committee], Nepal worker-peasant party; Eduardo Artes, first secretary of the C.C., the Chile Communist Party (proletarian action); Mauro Gazadio, general secretary of the Struggle for the Peace and Socialism of Italy; Claudio Campos, secretary general of the October 8 revolutionary Movement of Brazil; Tani Baler Lopera, general secretary of the national executive committee of the Left Revolutionary Union of Peru; Khaled Bensmain, secretary general of the Movement for Democracy in Algeria; Boualem Benhamouda, secretary general of the C.C., the Algerian National Liberation Front; Jejman Luis Pascoal, chairman of the Angolan Unity Party for Democracy and Progress; and Mamadou Bamou Toure, secretary general of the Sudanese Union-African Democratic Rally in Mali.

The telegrams said President Kim Il-song was an outstanding thinker and theoretician, a sagacious leader and the great leader of the world progressive people. The feats he performed for the freedom and happiness of the people all his life will be immortal, they noted.

They expressed the belief that the Korean people would make great success in the struggle to glorify his feats and build socialism under the wise leadership of Comrade Kim Chong-il.

Comrade Kim Chong-il also received a telegram from the Central Committee of the Zimbabwe African national union-patriotic front on this occasion.

DPRK: Kim Chong-il Receives Solidarity Messages From Overseas

SK2307030296 Pyongyang KCNA in English 0248 GMT 23 Jul 96

[FBIS Transcribed Text] Pyongyang, July 23 (KCNA) — The great leader Comrade Kim Chong-il received solidarity messages from Keshar Jung Rayamajy, chairman of the Democratic Socialist Party of Nepal, Ali Houdou, secretary general of the Construction Workers' Party of Benin, Walter Bayer, chairman of the Communist Party of Austria, and Roberto Gabriele, general secretary of the Movement for Peace and Socialism of Italy, in the Month of International Solidarity With the Korean People.

Solidarity messages to him were also sent by Madhav Kumar Nepal, general secretary of the Central Committee of the Nepal Communist Party (United Marxism-Leninism), the Political Executive Committee of the Socialist Party of Kazakhstan, Walid Jumblatt, president of the Socialist Progressive Party of Lebanon, and C.R. Aslam, president of the Pakistan Socialist Party, in support of the Korean people's struggle for peace and reunification of the country.

Messages expressed support to the Korean people in their struggle to reunify the country in a peaceful and democratic way and remove military tensions from the Korean peninsula.

DPRK: Memorial Ceremonies for Kim Il-song Held Abroad

SK2107100696 Pyongyang KCNA in English 1002 GMT 21 Jul 96

[FBIS Transcribed Text] Pyongyang, July 21 (KCNA) — Memorial ceremonies were held in different countries on the second anniversary of the great leader President Kim Il-song.

A joint memorial service was held at the building of the Zairean People's Rally for Socialism on July 6.

The chairman of the Zairean Union of Forces of Nationalists for Socialism said in his memorial address that the great Comrade Kim Il-song was the most outstanding leader of the 20th century who devoted his whole life to happiness and prosperity of the progressive people of the whole world and that his exploits will be as immortal as the sun.

A message to Comrade Kim Chong-il was adopted at the service.

Memorial services were held by the All-India Trade Union Congress, the People's Army Command in Damascus, Syria, in Colombo, and Copenhagen, at the Communist Workers' Party of Russia, at Kiev University of Ukraine, in Oslo and Lagos from July 3 to 13.

Meanwhile, the opening ceremony of "Mt. Paektu Photo Exhibition" was held at the Guest House of an army unit in Yanji city, China, a lecture on the subject "A Great Man With Far-Sightedness" at the Cultural Centre in Cairo and a Korean book and photo exhibition week at International Hall of the Dubna Joint Institute of Atomic Energy, Russia, from July 1 to 14.

DPRK: Mural at War Museum Portrays Battle To Liberate Taejon

SK2207131596 Pyongyang KCNA in English
1012 GMT 22 Jul 96

[FBIS Transcribed Text] Pyongyang, July 22 (KCNA) — The Victorious Fatherland Liberation War Museum in Pyongyang has a hall 132 metres round with an enormous panorama showing a valiant fight to liberate Taejon.

The visitors sitting on the stand revolving 360 degrees can see the panorama showing a battle to liberate Taejon in July 1950 under the command of the respected leader President Kim Il-song, an ever- victorious iron-willed brilliant commander and great military strategist.

At the time of the battle there were the puppet government of Syngman Rhee, the U.S. 8th Army Command, the puppet army headquarters, and other military installations and ruling machines in Taejon.

The panorama showing the brilliant victory of the president's operational policies consists of different scenes, including "Charge of Main Forces", "Battle To Encircle and Annihilate the Enemy", "Defeated Enemies" and "Emotion of Liberated People".

The scene "Battle To Encircle and Annihilate the Enemy" shows vividly the example set in modern siege warfare held in various forms of battles through close cooperation of all arms of the Korean People's Army.

The "Charge of Main Forces" gives a good portrayal of battles of the combined units of the People's Army infiltrating deep into the city of Taejon with tanks in the van and destroying military vehicles and artillery positions, paralysing the commanding system of the enemies.

The panorama gives an excellent representation of the struggle of the valiant fighters of the People's Army to liberate Taejon. The People's Army soldiers in ambush destroyed a military train of the enemies and a young soldier of the People's Army took captive the fleeing commander of the 24th Infantry Division of the U.S. Army in the guise of a private soldier.

In the battle the Korean People's Army soldiers killed and took captive more than 17,500 men, including the U.S. imperialist aggression forces, and captured and destroyed some 150 guns, about 20 tanks, above 2,600 rifles, some 1,000 military trucks and scores of military waggons.

DPRK: KPA Delivers 100 Trucks of Fruit to Pyongyang Citizens

SK2307110996 Pyongyang Korean Central Broadcasting Network in Korean
2200 GMT 19 Jul 96

[FBIS Translated Text] At a time when heroic officers and men of the Korean People's Army [KPA] are displaying beautiful deeds of devoting themselves to honorable work for the people's happiness everywhere, another sublime scene has been seen in Pyongyang, the capital of the revolution, demonstrating the blood relations between the Army and the people.

Upholding the fatherly leader's [suryongnim] behest and the respected and beloved comrade supreme commander's lofty intent to improve the capital citizens' lives, on 19 July KPA soldiers arrived in Pyongyang with 100 trucks carrying fruit from Kwail County. The trucks moved through the streets of the capital, leaving meaningful traces of the blood relations between the Army and the people, and stopped at Kim Il-song Square, its destination.

Thousands of citizens, holding revolutionary and militant slogans, warmly received and embraced the soldiers getting off the trucks. While the entire square was seething fiercely as if it had demonstrated the proud trait of our revolutionary ranks, which have achieved perfect unity between the Army and the people, a meeting to deliver the fruit was held.

At first, KPA Vice Marshal Comrade Cho Myong-nok, director of the KPA General Political Department, mentioned that in his early days the fatherly leader [suryongnim] had prepared a reliable fruit production base for the citizens of the capital and devoted great efforts to improving the citizens' living, and that the respected and beloved comrade supreme commander enabled them to carry out work to implement the leader's [suryongnim] behest in a big way. He then stressed that the Army and people should cooperate with each other to implement the comrade supreme commander's intent and repay his love and benevolence.

Next, Kang Hyon-su, responsible secretary of the Pyongyang Municipal Party Committee and chairman of the Pyongyang Municipal People's Committee, thanked the soldiers for their devoted efforts, overflowing with boundless gratitude for the respected and beloved general who truly values and loves the citizens of the capital, and expressed the firm resolution that all citizens will create new miracles and innovations in all sites of socialist construction and will more actively carry out the work of supporting the People's Army, upholding the red flag of the revolution.

DPRK: Yi Chong-ok Attends Awarding of Order to DFRF Secretariat

SK2107101196 Pyongyang KCNA in English 1006 GMT 21 Jul 96

[FBIS Transcribed Text] Pyongyang, July 21 (KCNA) — The Order of Kim Il-song was awarded to the Secretariat of the Central Committee of the Democratic Front for the Reunification of the Fatherland (DFRF).

The Secretariat has grown up into an organisation loyal to the party and revolution through the struggle to realise the idea on united front movement put forward by the respected leader President Kim Il-song and the great leader Comrade Kim Chong-il and made a great contribution to this movement to achieve great national unity.

A ceremony for awarding the order took place at the Mansudae Assembly Hall on July 20.

Present there were Yi Chong-ok, Politburo member of the Workers' Party of Korea Central Committee and vice-president, members of the Presidium of the DFRF Central Committee and officials of its Secretariat.

Orders and medals were awarded to officials who set examples in their revolutionary duties, working for a long time in the field of the united front.

DPRK: Pak Song-chol, Yang Hyong-sop Mark DFRF Founding

SK2207134996 Pyongyang KCNA in English 1143 GMT 22 Jul 96

[FBIS Transcribed Text] Pyongyang, July 22 (KCNA) — A national meeting was held here today to commemorate the 50th anniversary of the inauguration of the Democratic Front for the Reunification of the Fatherland [DFRF].

Among those present were Pak Song-chol, Politburo member of the Central Committee of the Workers' Party of Korea and vice-president; and Kim Pyong-sik, chairman of the Central Committee of the Korean Social Democratic Party and vice-president.

The Great Leader President Kim Il-song formed the Democratic National United Front, a permanent organisation of united front, on July 22, 1946. Involved in the organisation were all the political parties and social organisations desirous of the building of a democratic, sovereign and independent state as well as workers and peasants, who became the masters of the country, working intellectuals, urban petty bourgeoisie, conscientious national capitalists, patriotic- minded religionists, and other democratic forces in the northern half of Korea.

Yang Hyong-sop, alternate Politburo member of the WPK Central Committee and chairman of the Supreme People's Assembly, delivered a report at the meeting.

He said that since the formation of the DFRF all democratic political parties and public organisations and patriotic people from all walks of life in the North and South of Korea who love the country and want national reunification have been firmly united under the banner of national reunification irrespective of differences in ideology, political viewpoint and religious belief, the movement of united front has been vigorously conducted on a nationwide scale and a nationwide struggle for building a new society and reunifying the country with the united efforts of the nation has been waged.

Referring to the successes gained by the DFRF in its efforts to push ahead with the revolution and construction as well as the cause of national reunification over the past 50 years, he said that this is a brilliant victory of the idea on the united front, put forward by the great leaders Comrade Kim Il-song and Comrade Kim Chong-il, the line of great national unity which is its embodiment, and a valuable fruition of their wise guidance and noble virtues.

The chuche-based movement of united front started by Comrade Kim Il-song is being carried forward and developed onto a new higher stage under the guidance of Comrade Kim Chong-il, the reporter said, and touched upon the tasks of the DFRF.

Comrade Kim Il-song said:

"The fundamental mission of the DFRF at present is to firmly rally all the Korean compatriots in the North, South and abroad into the ranks of a single united front and dynamically mobilize them to struggle for the independent and peaceful reunification of the country."

Pointing out that all the Korean nation must make all their efforts to form a nationwide united front, the reporter further said:

In order to achieve great national unity and form a united front involving all the people, it is imperative to implement "10-Point Programme of the Great Unity of the Whole Nation for the Reunification of the Country" advanced by Comrade Kim Il-song.

All the people who truly love the country and nation and aspire after the reunification of the country must actively support the 10- point programme of the great unity of the whole nation and show an affirmative response to it. Those with strength devoting their strength, those with knowledge giving their knowledge, and those with money donating their money, all should make a tangible contribution to the cause of national reunification.

All political parties and public organisations in the North, South and abroad and the entire compatriots who aspire after the reunification of the country must more daringly struggle to establish a pan-national unified state in the form of confederacy in which any side will not conquer the other side or will not be conquered by the other, on the basis of the three principles of national reunification — independence, peaceful reunification and great national unity.

All the compatriots who love the country and want the security of the nation must actively struggle to check and frustrate the war moves of the United States and the South Korean warmaniacs and establish a durable peace system on the Korean Peninsula.

And they must wage a more powerful nationwide struggle for the abrogation of the "National Security Law", the dissolution of the "Agency for National Security Planning", the frustration of the fascist crackdown upon pro-reunification, patriotic-minded figures and for the unconditional and immediate release of all the illegally imprisoned "political prisoners" and champions of reunification in South Korea.

The unity of the whole nation around the Great Leader Comrade Kim Chong-il is a decisive guarantee for national reunification, the reporter said, adding:

If the whole nation relentlessly fight in close unity around him, they will creditably accomplish the independent and peaceful reunification of the country on the principle of great national unity.

DPRK Daily Marks 50th Anniversary of Reunification Group

SK2207131896 Pyongyang KCNA in English 1023 GMT 22 Jul 96

["NODONG SINMUN Calls for Reunifying Country Through Great National Unity" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 22 (KCNA) — NODONG SINMUN today dedicates an editorial to the 50th anniversary of the formation of the Democratic Front for the Reunification of the Fatherland [DFRF] (July 22, 1946).

The editorial says that its formation was a brilliant fruition of the line of united front of the Great Leader Comrade Kim Il-song, who authored the chuche-based idea and theory of united front in the early period of the anti-Japanese revolution and achieved the historic cause of national restoration by rousing all the Korean people to a sacred war against the Japanese imperialists through the foundation of the Association for the Restoration of the Fatherland.

Recalling that the front has covered a road of glory and victory under the wise guidance of President Kim Il-song and the Great Leader Comrade Kim Chong-il for 50 years since its formation, the editorial says:

All the fellow countrymen in the North, the South and overseas should unite as one man under the banner of united front in order to defend the peace of the country and achieve its peaceful reunification.

What is the most important is to establish a solid united front of the whole nation.

The 10-point programme of the great unity of the whole nation advanced by Comrade Kim Il-song is a great charter of national unity and a chuche-based program of national reunification.

All the compatriots in the North, the South and overseas should discuss and find practical ways and measures to put this programme into practice.

They must rally themselves more closely around the National Alliance for the Country's Reunification and the National Alliance of Youth and Students for the Country's Reunification and other organisations fighting for the reunification of the country. And they should join their hands, solidarize with each other and take a concerted action to defend peace and accelerate the peaceful reunification of the country.

The cause of great national unity and national reunification will certainly emerge victorious as Comrade Kim Chong-il stands in the van of the nationwide united front movement and as there are the 10- point programme of the great unity of the whole nation and the 70 million fellow countrymen, who ardently long for the reunification of the country.

All the fellow countrymen in the North, the South and overseas should closely unite around Comrade Kim Chong-il, the sun of the nation, the lodestar of national reunification and the tenderhearted father, who is identical to Comrade Kim Il-song in ideology, leadership and virtues. By doing so, they should develop a nationwide united front movement onto a higher stage and brilliantly adorn this "a year of peace and great national unity."

DPRK: Sports Tournament Opens To Commemorate War Victory

SK2307030496 Pyongyang KCNA in English 0251 GMT 23 Jul 96

[FBIS Transcribed Text] Pyongyang, July 23 (KCNA) — A sports tournament for Chonsung Cup was opened here on Monday [22 July] with due ceremony on the occasion of the 43rd anniversary of the victory in the fatherland liberation war.

It is held every year on the anniversary of the victory in the war (July 27), which is called the "second liberation day" in Korea. National and provincial (municipal) sports groups compete in the tournament.

It includes more than 40 events such as football, field and track, basketball, volleyball, table tennis, badminton, baseball, boxing, weightlifting, wrestling and shooting.

At the opening ceremony, the sportsmen vowed to greet the anniversary of the victory in the fatherland liberation war with great success in the tournament by fully displaying the sporting skills and tactics of Korean style they have cultivated in every-day training.

DPRK Daily Urges Leaders To Adopt 'Spirit of Service'

SK2207132996 Pyongyang KCNA in English 1029 GMT 22 Jul 96

["Spirit of Service for People Is Essential for Party's Benevolent Politics" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 22 (KCNA) — For leading officials to give fuller play to the spirit of service for the people is an important requirement in putting the benevolent politics of the Workers' Party of Korea into practice and giving full scope to the advantage of Korean-style socialism.

NODONG SINMUN says this in a signed article today.

It quotes the Great Leader Comrade Kim Chong-il as saying:

"We must build more effectively our party as a genuine motherly party that leads and takes care of the destiny of the people on its own responsibility, and must enhance the spirit of service for the people among officials so that they might put the benevolent politics of the party into practice more efficiently."

The article says:

The politics of the Workers' Party of Korea is a benevolent politics, which most fully represents relations of comradely unity and cooperation, love and trust.

It is thanks to the benevolent politics of the respected General Kim Chong-il that the WPK has become a motherly party, the people's power has faithfully served the people and the Korean people have enjoyed an independent and creative life in all social domains.

The benevolent politics is an advantage and the source of invincibility of Korean-style socialism.

If they are to put the benevolent politics of the WPK into practice under the guidance of the respected general, the officials should highly display the spirit of devoted service for the people.

This is based on a serious lesson from the setback of socialism in some countries.

If officials misuse their power and indulge themselves in bureaucracy, the socialist ruling party would lose the support and confidence of the people, and the party and socialism which do not enjoy their support will eventually collapse.

As shown by historic lesson, it is tantamount to digging its own grave for a socialist ruling party to allow officials to indulge themselves in the abuse of power and bureaucracy, corruption and irregularioies.

The realities in our country prove that only when officials enhance their spirit of service for the people can they consolidate the kindred relations between the party and the masses and resolutely defend and exalt Korean-style socialism.

DPRK Daily Criticizes Imperialists' 'Human Rights Diplomacy'

SK2307091896 Pyongyang KCNA in English 0849 GMT 23 Jul 96

["True Nature of 'Human Rights Diplomacy' of Imperialists" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 23 (KCNA) — In recent years the imperialists have vociferated about "human rights diplomacy" because they consider this to be effective under the present situation in which detente and dialogue are an international trend as the Cold War has come to an end, says NODONG SINMUN in a signed article today.

The article writes:

The main purpose sought by the imperialists in "human rights diplomacy" is to cover up the reactionary nature of capitalist society and its corruption under the signboard of "defence of human rights" and keep their domination going on.

Western countries are making a noisy advertisement about "civil liberty," "equal right" and "right to property", alleging that they are within the catalogue of "human rights." However, this advertisement is nothing but a camouflage to cover up the reactionary nature of capitalist society in which human rights are ruthlessly violated.

As for "civil liberty", it is ensured by money.

In capitalist society, those with money can enjoy "freedom." But those without money cannot be free.

In the final analysis, the so-called "freedom" in capitalist society is a monopoly of privileged classes.

This notwithstanding, the imperialists are so loudly clamouring about "human rights" because they seek an ulterior intention to keep their monopolistic position and pacify the discontent of the popular masses and win popularity by giving them impressions that they are concerned about the "human rights" issue and are trying to provide them with human rights.

Another purpose of the imperialists is to disorganise socialist nations and anti-imperialist independent countries from within through "human rights diplomacy" offensive.

The imperialists consider these countries to be the biggest obstacle in the way of attaining their strategy of world supremacy. In an attempt to stifle these countries, the imperialists are posing military "threats and blackmail" to them on the one hand and are resorting to the strategy of "peaceful transition" on the other.

They freeze their "aid" to those countries which offend their feelings, on the plea of "human rights" issue. Worse still, they unhesitatingly make military invasion against these countries.

All facts show that the sovereignty and independence of a country cannot be defended if one fails to heighten vigilance against "human rights diplomacy" carried out by the imperialists under the pretext of "defence of human rights" and conduct a powerful struggle against it.

South Korea

ROK, U.S., Japan Face 'Tough Job' Splitting LWR Costs

SK2207005896 Seoul THE KOREA HERALD in English 22 Jul 96 pp 2,4

[By staff reporter Kim Kyong-ho]

[FBIS Transcribed Text] Negotiations with North Korea on protocols for the provision of light-water nuclear reactors [LWR] are proceeding smoothly. But South Korea, the United States and Japan will have a tough job splitting the project's cost.

The three key members of the Korean Peninsula Energy Development Organization (KEDO), an international consortium to finance the nuclear project, are trying to read each other's minds before starting a tug of war on sharing the burden.

The cost of the reactor, originally estimated at $4.5 billion, is now projected to easily exceed $5 billion.

Korea Electric Power Corp. (KEPCO), as prime contractor of the reactor project, submitted a rough estimation of the project's cost to KEDO last week.

KEPCO did not reveal the figure but an official at the South Korean utility monopoly said the reported amount ranging from $5.5 billion to $6 billion was "not far off the mark."

He said the increase in the project's cost resulted from inflation, a rise in transportation cost and the additional construction of roads and port facilities necessary to complete the reactor project.

The "rough order of magnitude (ROM)," or the rough estimation by KEPCO, will soon be reviewed by a technical support company selected by KEDO.

After the review is completed, KEDO and KEPCO will start negotiations on a commercial contract to build the nuclear power plant in Sinpo on North Korea's eastern coast.

South Korean officials say that determining how to share the reactor cost will be a key issue among the three KEDO members when the commercial contract is concluded.

A KEPCO official said no specific date has been set for the signing of the contract, but it is expected within a year.

In order to get an early start on construction, KEDO and KEPCO are expected to conclude an interim contract enabling the South Korean power monopoly to begin leveling the site for the reactors this fall.

North Korea, which is demanding construction begin at an early date, has placed few obstacles to negotiations with KEDO on protocols needed to implement the reactor supply agreement, which was concluded last year.

In New York last week, North Korea and KEDO signed a protocol governing privileges, immunities and consular protection for the KEDO staff in North Korea and two others on transportation and communications.

Representatives from the two sides are currently negotiating another two protocols, on the use of a construction site and services to be provided by North Korea, in a North Korean mountain resort.

South Korea, the United States and Japan are expected to grapple with the issue of cost-sharing after the preliminary work starts for reactor construction this fall.

A South Korean official said the cost-sharing issue will emerge as a "hot potato" among the three project participants by the end of the year.

Stephen Bosworth, KEDO executive director, who is scheduled to arrive in Seoul tomorrow, is expected to refer to the issue when he meets with South Korean officials.

A stumbling block in the talks on cost-sharing is the U.S. refusal to contribute any money.

Following a 1994 nuclear accord with Pyongyang, which calls for providing two light-water reactors for North Korea in return for the scrapping of its suspected nuclear weapons program, Washington said it would assume a "symbolic" part of the reactor cost as well as the whole expense of heavy oil to North Korea as interim energy.

The U.S. Congress, however, refused to endorse the commitment to the symbolic sum of money and slashed the budget request for heavy oil supply.

South Korea, which has pledged to take up the lion's share of the reactor cost, regards the U.S. action as unacceptable.

"We will continue to urge the United States to pay a symbolic portion of the reactor cost as it promised," said a South Korean official.

He said the U.S. refusal to share the burden would make it difficult for the South Korean government to obtain endorsement from the National Assembly for its spending plan for the reactor project.

Another difficulty facing South Korea is how to deal with Japan's demand that it supply some key components of the reactor power plant in return for its "significant financial contribution."

ROK 'Will Not Bear More Than 60 Percent' of LWR Costs

SK2307144996 Seoul CHOSON ILBO in Korean 23 Jul 96 p 1

[By reporter Kim Yon-kwang]

[FBIS Translated Text] The Ministry of Finance and Economy has reportedly informed the Office of Planning for the Light-Water Reactor [LWR] Project of its position that the ROK will not bear more than 60 percent of the expenses for building LWRs in North Korea. These expenses are supposed to be shared by the ROK, the United States, and Japan. A high-level official of the Office of Planning for the LWR Project said on 22 July that the Ministry of Finance and Economy has opposed bearing more than 60 percent of the LWR costs, saying that bearing costs in excess of $3 billion will be a great financial burden on the national economy and that even if North Korea repays the LWR construction costs over 17 years without interest, with a three-year grace period after the completion of the reactors, the repayment will be worth less than 30 percent of the principle. The official also said: "If the ROK bears 60 percent of the costs of the LWR construction, the burden will amount to between $3.3 billion and $3.6 billion," and added: "The ROK Government's position is that, in order to persuade our people, it is necessary for the United States to share in the costs and for Japan to expand its financial contributions to the LWR project."

ROK: KEDO Director Arrives To Discuss LWR Cost Sharing

SK2307072496 Seoul YONHAP in English 0641 GMT 23 Jul 96

[FBIS Transcribed Text] Seoul, July 23 (YONHAP) — The Korean peninsula Energy Development Organization (KEDO) Executive Director, Stephen Bosworth, flew into Seoul Tuesday to discuss the cost-sharing issue involving the light-water nuclear reactor [LWR] project in North Korea.

An international consortium, led by the United States, South Korea and Japan, KEDO is tasked with financing the reactor project in the North in exchange for Pyongyang freezing its nuclear development program.

Bosworth is scheduled to be briefed by officials from the Korea Electric Power Corp. (KEPCO), the main contractor for the reactor project, Wednesday on the basics of a rough cost estimate for the project and progress made on the conclusion of commercial contracts for the project, according to officials from the office of planning for the light-water reactor project.

KEPCO submitted to KEDO July 15 a rough order magnitude (ROM) for the project, amounting to more than 5 billion U.S. dollars, which KEDO is slated to examine soon.

During his three-day stay in Seoul, Bosworth is also scheduled to pay courtesy calls on Deputy Prime Minister and National Unification Minister Kwon O-ki, Senior Presidential Secretary for Foreign and Security Affairs Yu Chong-ha, and Chang Sun-sop, administrator, Office of Planning for Light-Water Reactor Project.

Prior to coming to Seoul, the KEDO executive director met with relevant Japanese officials during his three-day visit to Tokyo.

He will take up the issue of sharing the reactor project's cost among the three leading KEDO members when he confers with officials here, according to the sources.

With regard to the cost-sharing, South Korea, the United States and Japan have so far shared an understanding in principle calling for South Korea to bear "a cost corresponding to its leading role in the reactor project," for Japan "a considerable sum or ratio," and for the United States "a symbolic amount."

An earnest discussion of the cost-sharing problem is expected to take place in parallel with KEDO's examination of the KEPCO's ROM, the sources said.

Bosworth is leaving Seoul Thursday.

ROK: DPRK Sports Official Reportedly Met Clinton in U.S.

SK2307063596 Seoul HANGYORE SINMUN in Korean 22 Jul 96 p 2

[From special reporting team from Atlanta]

[FBIS Translated Text] It has been learned belatedly that Chang Ung, secretary general of the North Korean Olympics Committee, met with U.S. President Clinton at the Atlanta Olympic Stadium while the opening ceremony was being held there.

According to a high-ranking official with the ROK Amateur Sports Association, Secretary General Chang, who was elected a member of the International Olympic Committee [IOC] on 17 July, asked for an interview [myondam] with President Clinton on 20 July (Korean local time), and the scene of the two men talking with each other for 10 minutes or so was witnessed.

It was learned that during the meeting, Secretary General Chang expressed his gratitude to President Clinton for U.S. assistance to North Korea's flood damage and for U.S. cooperation provided to North Korea's participation in the Olympic Games and to his election as a IOC member.

ROK: DPRK, U.S. Officials Meet To Discuss DPRK Joining IMF

SK2307054996 Seoul CHOSON ILBO in Korean 22 Jul 96 p 2

[Report by reporter Yi Hyo-sang]

[FBIS Translated Text] It was learned on 21 July that a North Korean diplomat to the United Nations visited Washington in April to hold working-level consultations with U.S. Government officials to discuss the issue of North Korea joining the International Monetary Fund [IMF].

A high-ranking government official said: "The North Korean diplomat received permission by the U.S. Government to travel and visit Washington, thus consulting on the conditions for its joining the IMF. It was agreed in principle with the U.S. State Department that North Korea's share of expenses for IMF will be substituted for North Korea's assets that have been frozen in the United States."

This official added: "It seems North Korea will ultimately join the International Bank for Reconstruction and Development [IBRD] and will try to obtain loans from international organizations and the international financial market. It is stipulated in the regulations that prior to joining the IBRD, North Korea must join the IMF or simultaneously join the IBRD and IMF. Thus, it is being analyzed that North Korea considered the possibility of joining the IMF first."

This official showed a prudent attitude by saying: "There were working-level contacts between the DPRK and the United States in April, but up until now there are no signs that Pyongyang's top authority has made a final decision to join the IMF." If North Korea officially applies to join the IMF, the IMF will immediately dispatch an investigation team to North Korea and will begin investigating North Korea's economic situation through on-the-spot surveys.

To attract North Korea into the international arena, the United States and ROK Government welcome North's joining of international organizations. It was learned that recently, a certain vice ministerial-level government official met with a North Korean official in Beijing and encouraged North Korea to join the IBRD and the Asian Development Bank. Currently, the only countries that have not joined the IMF are North Korea and Cuba.

ROK: Lake, Hubbard Said To Sound Out Seoul on Aid to DPRK

SK2307024596 Seoul CHOSON ILBO in Korean 22 Jul 96 p 1

[By reporter Ku Song-chae]

[FBIS Translated Text] It was learned on 21 July that the U.S. Government is sounding out the ROK Government on the need for grain aid to North Korea for the realization of the joint ROK-U.S. explanatory meeting to North Korea, a step before the four-way talks.

Anthony Lake, U.S. White House aide for security affairs, conveyed this U.S. position to our side when he visited the ROK on 14 July, and Thomas Hubbard, deputy U.S. assistant secretary of state for East Asian and Pacific affairs, who visited the ROK last week also made the same request to our side, a government source said. The source said that the United States is considering the method similar to that of the light-water project in which the ROK bears the expenses for the grain aid and the United States is charged with its management.

At this, our government conveyed to the U.S. side its firm and principled position that the ROK will not take any appeasement measure for the realization of talks or joint explanatory meeting before the realization of the four-way talks, the source said.

However, the United States is expected to continue this request to the ROK side for the realization of the four-way talks and is holding considerable complaint about the tough stance the ROK side is maintaining, the source added.

ROK: Russia Said Hoping To Take Part in Korean Peace Process

SK2207095396 Seoul YONHAP in English 0813 GMT 22 Jul 96

[FBIS Transcribed Text] Seoul, July 22 (YONHAP) — Russia Monday expressed the hope that it could take part in the process of establishing a new peace regime on the Korean Peninsula and expressed an interest in the ongoing process for making the four party meeting for a permanent peace mechanism to replace the current Korean Armistice Treaty a reality, a Foreign Ministry official said.

Russian Foreign Minister Yevgeniy Primakov, meeting Foreign Minister Kong No-myong in Jakarta, Indonesia, on sidelines of the ASEAN Regional Forum (ARF), also agreed on the need to urge North Korea to take part in the six-nation non-governmental international forum on regional security issues in Northeast Asia, according to the official.

South Korea, Japan, the United States, China and Russia took part in five sessions of the track II of the Northeast Asia Security Dialogue (NEASED), which was proposed by South Korea in a prelude to the government-level NEASED taking place. North Korea, however, failed to participate in any of the five sessions.

Russia has for years been proposing an eight-party meeting of South and North Korea, the United States, Japan, China, Russia, the International Atomic Energy Agency (IAEA) and the United Nations to solve the North Korean nuclear issue and a new peace regime on the Korean Peninsula.

Russia, therefore, has not fully supported the Seoul-proposed NEASED nor the four-party meeting of South and North Korea, the United States and China, which Seoul and Washington jointly proposed last April.

During the talks with Primakov, Kong delivered thanks to the Russian Government for supporting the chairman's statement at the G- 7 summit held in Lyon, France, last month. The statement supported the effort on the Korean Peninsula to establish a new peace mechanism including the four-party meeting.

During the talks, the second between Kong and Primakov in two months, the two ministers agreed to continue to maintain close contacts on the North Korean issue including the four-way peace talks, according to the official well versed in the Kong-Primakov talks.

Primakov meanwhile called for more investment in Russia by South Korean firms, insisting that the recent reelection of Russian President Boris Yeltsin paved the way for foreign firms to operate in Russia in a more stable economic and political situation.

Kong responded that South Korean firms have greater interest in investment in Russia after Yeltsin's reelection.

The two ministers agreed that they will discuss detailed ways to enhance South Korea's investment in Russia at vice prime minister- level economic talks during the latter part of the year.

ROK: Kwon O-ki Says Japan, Russia May Take Part in 4-Way Talks

SK2207121996 Seoul KBS-1 Radio Network in Korean 0800 GMT 22 Jul 96

[FBIS Translated Text] Kwon O-ki, deputy prime minister and minister of national unification, said that the objective of the ROK Government's proposal for four-way talks between the ROK, North Korea, the United

States, and the PRC is to change the status of the Korean Peninsula, which was defined in the 1953 Armistice Agreement as an armistice system, into a peace system.

Speaking at the National Assembly Reunification and Foreign Affairs Committee today, Deputy Prime Minister Kwon O-ki said that excluding the ROK from the signing of the peace agreement is impossible in principle because the ROK will participate in the four-way talks. Deputy Prime Minister Kwon said he does not believe North Korea would adjust the ROK's proposal for four-way talks into three-way talks participated in by the ROK, the United States, and North Korea, and that Japan and Russia may participate in the multilateral talks as well if deemed necessary in terms of security.

The deputy prime minister gave a report to the committee, saying that pursuant to the agreement on the supply of light-water reactors, negotiations on protocols for preparatory work began on 20 July to discuss taking over control of the site and other services, and that an ROK technical team has been dispatched to the North for site inspection.

Lawmakers of the ruling and opposition camps concentrated their debate on the status of the four-way talks, the light-water reactor project, the resumption of North-South dialogue, and confusion in policies on North Korea.

ROK: Russia Reportedly To Cooperate on 4-Way Talks

SK2207134496 Seoul KBS-1 Television Network in Korean 1200 GMT 22 Jul 96

[FBIS Translated Text] Concerning the four-way talks, Russia stated today that it will closely cooperate with the ROK in working for peace and security on the Korean Peninsula. This is the first time Russia has shown a positive response to the four-way talks.

During their meeting in Jakarta, Indonesia, Russian Foreign Minister Primakov said this in response to ROK Foreign Minister Kong No-myong's request for Russia's active cooperation in the four-way talks .

ROK: Jiang Zemin's Comments on Korean Situation Viewed

SK2207012296 Seoul YONHAP in English 0109 GMT 22 Jul 96

[FBIS Transcribed Text] Seoul, July 22 (YONHAP) — Chinese President Jiang Zemin has expressed hopes that China will play a constructive role in establishing a peace regime on the Korean peninsula, the CHUNGANG ILBO reported Monday.

In an interview with the vernacular newspaper's president- publisher in Beijing last Wednesday, Jiang said he hoped that North and South Korea, China and the United States would "concur on some pending issues" to establish a permanent peace regime on the peninsula.

South Korea and the United States have offered a four-way meeting with North Korea and China to discuss establishing a peace regime on the Korean peninsula.

Noting that the world situation has changed much in the half century since the Korean war armistice was signed, Jiang remarked that China supports establishing a peace guarantee regime on the Korean peninsula in place of the armistice agreement "because it would not only be of help to guaranteeing a permanent peace on the peninsula but also be in the interest of both North and South Korea," the report said.

Asked about South Korea-China relations which were established four years ago next month, the Chinese leader expressed satisfaction with 17 billion U.S. dollars in bilateral trade last year, adding that China earnestly hopes for stability on the Korean peninsula

On Hong Kong's return to China next year, Jiang said Beijing would designate Hong Kong a special administrative district under its principle of one state and two systems.

This principle will be of help in settling the Taiwan issue and contribute to peace and stability in the Asia-Pacific region, he reportedly added.

ROK Daily on Jiang Zemin's Support for Four-Way Talks

SK2307065296 Seoul CHUNGANG ILBO in Korean 23 Jul 96 p 6

[Editorial: "Messages Sent by Jiang Zemin]

[FBIS Translated Text] In an interview with CHUNGANG ILBO President Hong Sok-hyon on 17 July, PRC President Jiang Zemin conveyed several important messages. In particular, President Jiang's remark on the Korean peninsula drew our attention.

What is most worthy of notice in President Jiang's interview is his first official declaration of his support for the four-way talks. Ever since our government and the U.S. Government proposed the four-way talks to North Korea last April, the PRC has not expressed official support for the talks, not even once. The PRC's attitude was understandable in light of its consideration for North Korea's position.

As regards the four-way talks, President Jiang disclosed his inner thoughts by stating: "We hope that countries concerned will reach an agreement on some issues related to the Korean peninsula and thus establish a peace-guarantee mechanism on the peninsula." His remarks can be seen as not only the expression of the PRC Government's stance, but also a message urging North Korea to accede to the four-way talks.

The PRC's aspiration for North Korea's change of heart can also be read from his remark that "the PRC hopes both sides will gradually build trust and improve relations through dialogue and negotiations, and will eventually achieve the country's reunification by peaceful means." However, this remark seems to be based on the principle that North Korea, which has turned away from dialogue with the ROK, should listen in light of the context the president made the remarks.

What is also worthy of notice in the President Jiang's interview is the PRC's prospect for future ROK-PRC relations and its policy on Hong Kong following restoration. His assessment on the development of mutual relations during the last four years, and his hope that relations of amity and neighborliness would continue into the 21st century, can be understood as his will to work for stability on the Korean peninsula.

His repeated affirmation on one state and two systems in relation to Hong Kong's position is suggestive to us. The future of Hong Kong could be a good lesson for both the North and South, which plan to apply the principle of one state and two systems at a transitional stage of unification. Therefore, we hope, as President Jiang disclosed in the interview, that the PRC "will contribute to stability not only in Asia but also in the rest of the world."

ROK Daily Views DPRK Indication of Resuming Dialogue

SK1907030696 Seoul CHUNGANG ILBO in Korean 17 Jul 96 p 1

[Report by Choe Won-ki, Yi Yong-chong]

[FBIS Translated Text] North Korea indicated that it will resume North-South dialogue by stating on 16 July that North Korea's position on resolving inter-Korean issues through dialogue remains unchanged, and that the door to dialogue is open to the ROK Government authorities as well.

It is the first time that North Korea mentioned the need to resume North-South dialogue to the attention of the ROK Government since July 1994 when Kim Il-song died.

The North Korean Committee for the Peaceful Reunification of the Fatherland [CPRF] issued a statement defining current inter-Korean relations as in the "worst stage," and stated "We leave the door to dialogue open to everyone. The person in authority of South Korea is no exception."

The statement particularly mentioned President Kim Yong-sam's previous intention to visit Pyongyang when he was with the opposition, and noted that North Korea had invited President Kim several times.

Meanwhile, CHOSON TONGSIN, a press agency run by the pro-North Korean General Association of Korean Residents in Japan, specified that "the person in authority" of South Korea as referred to by the CPRF statement is President Kim. The press agency pointed out that North Korea had refused dialogue with the Kim Yong-sam regime, thus indicating that North Korea has changed its position on North-South dialogue.

ROK Dismisses DPRK Overture as 'Propaganda Offensive'

SK1907023696 Seoul THE KOREA TIMES in English 18 Jul 96 p 2

[FBIS Transcribed Text] North Korea declared in a statement Monday that it had opened its door for dialogue even with South Korean authorities, but government analysts here dismissed it as a propaganda offensive.

The (North Korean) Committee for the Peaceful Unification of the Fatherland, branding the current inter-Korean situation as "the worst thus far," said, "Our door is open for dialogue with anyone, and South Korean authorities are no exception."

So far, North Korea has excluded the South Korean government as its dialogue partner. Therefore, it could be interpreted as an about-face of North Korean policy lines if the statement proves to be true.

"Through inter-Korean dialogue, we hope to promote the nation's cooperation and realize independent and peaceful unification of the country," the committee said.

However, it criticized the South Korean government for continuing war exercises, thus becoming the United States' largest weapons market.

An analyst at the Ministry of National Unification said that although the statement referred to inter-Korean dialogue, it was rather focused on denouncing the South Korean government.

"It is highly likely that the statement, issued with the Aug. 15 Liberation Day only a month away, is part of the North's unification strategies aimed at instigating South Korean civilians to step up their contacts with the North Korean government," he said.

ROK: Interview With DPRK's Kim Chong-u Reported

SK2007233696 Seoul KYONGHYANG SINMUN in Korean 20 Jul 96 p 2

['Exclusive interview' with Kim Chong-u, chairman of DPRK Committee for External Economic Cooperation, by KYONGHYANG SINMUN correspondent Yi Tae-kun; interview given aboard train of Nigata-Osaka Japanese National Railroad on 18 July — first six paragraphs are KYONGHYANG SINMUN introduction]

[FBIS Translated Text] Kim Chong-u, chairman of the DPRK Committee for External Economic Cooperation, is touring various places in Japan for the purpose of attracting investment in the Najin-Sonbong Free Economy and Trade Zone in North Korea. On 18 July, after completing 'sales promotion activities' for two nights and three days in Nigata, he accepted an exclusive interview with a KYONGHYANG SINMUN correspondent.

The interview was held on the "Raicho No. 44" train of the Nigata-Osaka Japanese National Railway, which the North Korea's investment attracting delegation led by Chairman Kim was boarding.

At first Chairman Kim refused the request for an interview a few times in Nigata. However, he accepted the interview at last, stating, "You, reporter, are indeed a persistent activist." At 1616 in the afternoon [local time], Chairman Kim boarded the "Raicho" train at Nigata Railway Station, heading for Toyama, his next destination. He was interviewed for about 90 minutes. He wore open- collar attire, and presented his own views and opinions on pending North Korean issues in a relatively frank and candid manner.

He unhesitatingly replied to questions regarding not only the issue of developing the Najin-Sonbong zone, but also regarding such sensitive issues as the delay in Kim Chong-il's official succession to power, rumors about an abnormal situation in Kim Chong-il seizing power, a theory of collapse of North Korea, the four-way talks on the Korean peninsula, and the like. He gave the impression that he was a real power holder who has been delegated complete power by Kim chong-il as far as external trade is concerned.

After the interview, he said: "It was the first exclusive interview I have ever held with any reporter, and you are the very reporter with whom I held the longest interview."

The questions and answers are as follows:

[Yi] How do you assess the midway achievements in your activities to attract investment for the Najin-Sonbong zone, activities that began on 14 July in Tokyo?

[Kim] There certainly are achievements. My important goal was to explain details about the Najin-Sonbong zone to Japanese businessmen, and our works are being carried out well.

[Yi] It seems that although many businessmen showed interest in investing, not many people are going to make an actual investment. Is this true?

[Kim] It is only the beginning. In fact, the activities for attracting investment began on a full-scale from last year.

[Yi] What was the issue that interested Japanese businessmen the most during their negotiations with you, Chairman Kim?

[Kim] They were most concerned about the stability of their investments.

[Yi] Those who want to invest are worried whether their investment interests will be guaranteed, what with North Korea being an unstable socialist state. Has this not been the cause for the low level of actual investment?

[Kim] Even Koreans residing in Japan [pointing to mainly those affiliated with the General Association of Korean Residents in Japan, Chongnyon] often talk about the collapse of the DPRK. Since this was reported many times by the news media, the people seem to talk about this many times. This being the case, I have a plan to extensively explain about this issue in the future.

[Yi] High-level officials from North Korea, which adheres to socialism, are making lengthy overseas tours for the purpose of sales promotion activities for investment, like Western countries do. Seeing this, I have the impression that North Korea has indeed changed remarkably.

[Kim] It is my first trip overseas for the purpose of attracting investment. Of course, it could be called the second time, if my stay in Beijing last September to attract investment is counted. I have never made such a long trip to visit many cities. I would not hesitate to carry out such activities if they are necessary for making investors understand things.

[Yi] The ROK Government decided to allow its businessmen to attend the international forum to be held in the Najin-Sonbong zone beginning 13 September.

[Kim] The development of the Najin-Sonbong zone is part of the project for developing the Tumen River area, and is agreed upon by Northeast Asian countries, including the ROK.

[Yi] If a North-South dialogue is realized, cooperation in the economic and social fields will also be naturally carried out. Why is North Korea refusing to hold a dialogue between authorities? Do you not think that authorities' insurance is necessary for investing a great amount of capitals?

[Kim] If the South truly wants to hold a dialogue, it should first lift the blockade [pongsoe] on investment in the Najin-Sonbong zone. How can it talk about desire for dialogue without implementing what was agreed upon by the international organization? The issue of the Najin-Sonbong zone is multilateral, but at the same time, it has the nature of North-South dialogue. However, the South Korean Government is reluctant to participate in such a dialogue. The attitude of authorities must be certain. From the standpoint of national reunification, South Korea had better invest in the land of its own country, instead of in foreign countries such as Vietnam, Burma, Cambodia, and the like. Besides, if any guarantee by authorities is necessary for investments in the Najin-Sonbong zone, North Korea is ready to conclude an agreement for preventing double taxation and an agreement between authorities of North and South Korea for insurance of investment.

[Yi] The ROK government issued licenses to three ROK enterprises, including Samsung Electronics, last April, as enterprises for North-South cooperation in investment projects in North Korea. However, there has been no progress. If North Korea wants investment in itself, why did not it advance the cooperation?

[Kim] It is too late. For example, North Korea pushed ahead with a contract with Samsung for telecommunications field last February. However, the South Korean Government did not permit it. As a result, North Korea could not help but conclude a contract with the Rock Sly Company in Thailand last September.

[Yi] Do you not think that mobilization of labor power is necessary for developing the Najin-Sonbong zone?

[Kim] Although the area's present population is only 130,000, it will increase to 300,000 in the near future, and we plan to increase the population to even 1 million.

[Yi] In the event that such a large number of people familiarize themselves with the capitalist economy and capitalist life-style and move to other places, would North Korea not change with the "infiltration and expansion of capitalism"?

[Kim] Of course, there will be some degree of impact. However, the firmness of North Korean system itself will not be affected. In a word, we are not afraid of such a situation at all.

[Yi] Some people view that prompted by development of the Najin- Sonbong zone, a Chinese-style opening and reform, as well as capitalist trend, will storm North Korea.

[Kim] This will not happen, because we are implementing the policy of our own style for the free economy and trade zone in compliance with our own realities. The great leader [suryongnim] taught that "Although we should follow and learn from what others have, we should swallow what is sweet, but spit out what is bitter after tasting it." Therefore, we will not follow others unconditionally. Although we had thought of a Chinese-style special zone, ours is completely different from a Chinese-style one. The introduction of some elements of capitalism into socialism is aimed at "bridging the economy," not at "bridging the systems." In other words, this means that commercial goods produced under a socialist system will be exported to capitalist markets. This being the case, this absolutely does not mean the bridging of the two systems.

[Yi] Then, what is the model of the Najin-Sonbong zone?

[Kim] It is Singapore. We uphold the slogan, "Let us do it like Singapore." However, this does not mean we merely blindly follow the model of Singapore. We are studying various conditions, such as the issue of land rents, port conditions, and so on.

[Yi] North Korea has not undertaken the fourth seven-year economic plan even after its third seven-year economic plan was completed in 1993. Instead, it established "the adjustment period" [wanchunggi]. This adjustment period is to expire by the end of this year. However, North Korea is keeping silent on whether it will start the fourth economic plan or extend the adjustment period.

[Kim] While pursuing economic development, an imbalance occurred between various industrial sectors. To rectify this, we established the adjustment period. We have never designated a deadline for the adjustment period, but have assumed it to be three or four years. It is the view of many economists that the adjustment period should be extended.

[Yi] What is your opinion on the theory concerning the immediate collapse of North Korea, which has recently been spreading widely?

[Kim] North Korea absolutely will not collapse. Although there are some temporary difficulties [ilsijok nangwan], they will soon be overcome. The South Korean authorities are scheming to blockade [pongsoe] the DPRK by babbling that North Korea will collapse within a few years. This will not only aggravate and strain North-South relations, but may result in unimaginable disasters. Exchanges and cooperation between the North and South are the only way for living without war and for achieving national reunification.

[Yi] It is the general observation of the people that Secretary Kim Chong-il lacks the same authority as President Kim Il-song had, and that his leadership is inferior to Kim Il-song. This being the case, some feel the Kim Chong-il system is unstable.

[Kim] Is there any country in the world which has not experienced a political vacuum and a wavering of the people without the official enthronement of its head of state for two full years after the former head of state passed away? If this situation took place in another country, an immediate emergency countermeasures meeting would have been convened, and other commotions would have been raised. In North Korea, General Kim Chong-il has been respectfully upheld by the people, just as they did President Kim Il-song. The inauguration of the president is merely a matter of formality. At any rate, Kim Chong-il will succeed to power on the occasion of three full years [since Kim Il-song died].

[Yi] It is hard to understand why he will not take power for three years, although it is claimed there are no problems. For this reason, the people feel there must be some problem in North Korea, including the wavering of Secretary Kim Chong-il's leadership.

[Kim] Although our people want to see the general enthroned [changunnimul mosijago hanunde], General Kim Chong-il is not fulfilling their request, emphasizing "there still is a sentiment by the people not to forget the leader [suryongnimul]."

[Yi] Is this situation aimed at evading the North-South summit?

[Kim] That is not true. Even after his enthronement, the summit may not be held if he does not desire it. President Kim Yong-sam is not willing to have dialogue between the North and South. There is no consistency in his policy.

[Yi] Why is Secretary Kim Chong-il not engaged in official activities, and why does he not receive foreign guests?

[Kim] This is simply because he is in mourning. Thus, he does not meet with foreign guests.

[Yi] North Korea merely responded that "it is reviewing" the proposal for four-way talks on the Korean peninsula. Will North Korea accept or refuse the talks?

[Kim] We should first hold an explanatory session. However, it is inappropriate for Japan to raise the issue of supporting North Korea with the four-way talks as a precondition. Japan is not even entitled to participate in the four-way talks. How then can it dare put forward the four-way talks as a precondition?

[Yi] Regarding the issue of establishing liaison offices, which is a key to the progress in North Korea-U.S. relations, why has North Korea recently hesitated on this issue?

[Kim] DPRK-U.S. relations will be carried out smoothly if they remain calm [chomi kwangyenun choyonghi nowadumyon ta chal toeganda]. If one talks about them frequently, this will only be harmful.

[Yi] Has there been any progress in North Korea-Japan relations?

[Kim] Japan is dragging its feet on the issue of normalizing DPRK-Japan relations while attempting to read the faces of many others. This is the very problem. Japan will certainly repent its act.

[Yi] The ROK Government decided to allow its businessmen to attend the international forum to be held in the Najin-Sonbong zone beginning 13 September.

[Kim] The development of the Najin-Sonbong zone is part of the project for developing the Tumen River area, and is agreed upon by Northeast Asian countries, including the ROK.

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[Kim] Of course, there will be some degree of impact. However, the firmness of North Korean system itself will not be affected. In a word, we are not afraid of such a situation at all.

[Yi] Some people view that prompted by development of the Najin- Sonbong zone, a Chinese-style opening and reform, as well as capitalist trend, will storm North Korea.

[Kim] This will not happen, because we are implementing the policy of our own style for the free economy and trade zone in compliance with our own realities. The great leader [suryongnim] taught that "Although we should follow and learn from what others have, we should swallow what is sweet, but spit out what is bitter after tasting it." Therefore, we will not follow others unconditionally. Although we had thought of a Chinese-style special zone, ours is completely different from a Chinese-style one. The introduction of some elements of capitalism into socialism is aimed at "bridging the economy," not at "bridging the systems." In other words, this means that commercial goods produced under a socialist system will be exported to capitalist markets. This being the case, this absolutely does not mean the bridging of the two systems.

[Yi] Then, what is the model of the Najin-Sonbong zone?

[Kim] It is Singapore. We uphold the slogan, "Let us do it like Singapore." However, this does not mean we merely blindly follow the model of Singapore. We are studying various conditions, such as the issue of land rents, port conditions, and so on.

[Yi] North Korea has not undertaken the fourth seven-year economic plan even after its third seven-year economic plan was completed in 1993. Instead, it established "the adjustment period" [wanchunggi]. This adjustment period is to expire by the end of this year. However, North Korea is keeping silent on whether it will start the fourth economic plan or extend the adjustment period.

[Kim] While pursuing economic development, an imbalance occurred between various industrial sectors. To rectify this, we established the adjustment period. We have never designated a deadline for the adjustment period, but have assumed it to be three or four years. It is the view of many economists that the adjustment period should be extended.

[Yi] What is your opinion on the theory concerning the immediate collapse of North Korea, which has recently been spreading widely?

[Kim] North Korea absolutely will not collapse. Although there are some temporary difficulties [ilsijok nangwan], they will soon be overcome. The South Korean authorities are scheming to blockade [pongsoe] the DPRK by babbling that North Korea will collapse within a few years. This will not only aggravate and strain North-South relations, but may result in unimaginable disasters. Exchanges and cooperation between the North and South are the only way for living without war and for achieving national reunification.

[Yi] It is the general observation of the people that Secretary Kim Chong-il lacks the same authority as President Kim Il-song had, and that his leadership is inferior to Kim Il-song. This being the case, some feel the Kim Chong-il system is unstable.

[Kim] Is there any country in the world which has not experienced a political vacuum and a wavering of the people without the official enthronement of its head of state for two full years after the former head of state passed away? If this situation took place in another country, an immediate emergency countermeasures meeting would have been convened, and other commotions would have been raised. In North Korea, General Kim Chong-il has been respectfully upheld by the people, just as they did President Kim Il-song. The inauguration of the president is merely a matter of formality. At any rate, Kim Chong-il will succeed to power on the occasion of three full years [since Kim Il-song died].

[Yi] It is hard to understand why he will not take power for three years, although it is claimed there are no problems. For this reason, the people feel there must be some problem in North Korea, including the wavering of Secretary Kim Chong-il's leadership.

[Kim] Although our people want to see the general enthroned [changunnimul mosijago hanunde], General Kim Chong-il is not fulfilling their request, emphasizing "there still is a sentiment by the people not to forget the leader [suryongnimul]."

[Yi] Is this situation aimed at evading the North-South summit?

[Kim] That is not true. Even after his enthronement, the summit may not be held if he does not desire it. President Kim Yong-sam is not willing to have dialogue between the North and South. There is no consistency in his policy.

[Yi] Why is Secretary Kim Chong-il not engaged in official activities, and why does he not receive foreign guests?

[Kim] This is simply because he is in mourning. Thus, he does not meet with foreign guests.

[Yi] North Korea merely responded that "it is reviewing" the proposal for four-way talks on the Korean peninsula. Will North Korea accept or refuse the talks?

[Kim] We should first hold an explanatory session. However, it is inappropriate for Japan to raise the issue of supporting North Korea with the four-way talks as a precondition. Japan is not even entitled to participate in the four-way talks. How then can it dare put forward the four-way talks as a precondition?

[Yi] Regarding the issue of establishing liaison offices, which is a key to the progress in North Korea-U.S. relations, why has North Korea recently hesitated on this issue?

[Kim] DPRK-U.S. relations will be carried out smoothly if they remain calm [chomi kwangyenun choyonghi nowadumyon ta chal toeganda]. If one talks about them frequently, this will only be harmful.

[Yi] Has there been any progress in North Korea-Japan relations?

[Kim] Japan is dragging its feet on the issue of normalizing DPRK-Japan relations while attempting to read the faces of many others. This is the very problem. Japan will certainly repeat its act.

ROK Businesses Allowed To Attend Economic Seminar in Najin

SK1907122096 Seoul KYONGHYANG SINMUN in Korean 19 Jul 96 p 3

[Report from Cheju Island]

[FBIS Translated Text] Many domestic businesses are expected to attend an investment briefing slated to be held in North Korea's Najin-Sonbong region from 13 to 15 September.

Speaking at a seminar held at the Shilla Hotel on Cheju Island on 18 July, Kwon O-ki, deputy prime minister and minister for national unification, revealed: "The government has no intention of blocking domestic businesses from attending the seminar scheduled to take place in North Korea's Najin." Kwon stated: "It is my understanding that the North Korean authorities are planning to invite ROK businessmen to the seminar." He added: "The government's stance is that it is advisable that medium businesses, rather than large conglomerates, attend."

Kwon went on to say: "To avoid confusion among businesses, it is desirable that the business groups voluntarily decide on the enterprises that should attend the seminar, rather than have the government decide." He added: "The Korea Trade and Investment Promotion Agency (KOTRA) would be a good channel to recruit businesses wishing to participate in the seminar."

Kwon added: "If this helps North Korea, which faces an economic ordeal, to learn economic theory, then the government plans to actively assist domestic businesses that hope to make headway in the Najin-Sonbong region."

ROK Reportedly Agrees to $100,000 in Aid for Najin Seminar

SK2207135996 Seoul HANGYORE SINMUN in Korean 22 Jul 96 p 2

[Report by Pak Chan-su]

[FBIS Translated Text] It was learned on 21 July that the ROK Government has decided to provide $100,000 in aid through the United Nations Industrial Development Organization [UNIDO] to North Korean's Najin-Sonbong investment seminar scheduled for September.

An ROK Government official said: "UNIDO recently asked the ROK whether it could spend the ROK's funds originally donated to the organization for another purpose, namely, to prepare for North Korea's Najin-Sonbong investment seminar. The ROK agreed on the expenditure under the condition that the ROK participates in the seminar."

The amount of aid the ROK agreed on is reportedly around $100,000. The investment seminar to be held in the Najin-Sonbong free economic and trade zone on 13 to 15 September is a seminar jointly organized by UNIDO, the UN Development Program, and North Korea.

ROK: DPRK Hints at No Direct Negotiations With ROK on Najin

SK2307050096 Seoul TONG-A ILBO in Korean 23 Jul 96 p 2

[Report by Osaka-based correspondent Yun Sang-sam]

[FBIS Translated Text] On 22 July Kim Chong-u, chairman of the Committee for the Promotion of External Economic Cooperation, who is currently visiting Japan to promote business investment in North Korea's Najin-Sonbong zone, disclosed that North Korea has already begun negotiations with Russia and Switzerland on signing a double taxation avoidance accord aimed at attracting foreign investment to this zone.

However, he said double taxation avoidance accords and investment guarantees with the ROK will be concluded through a cooperation committee of five Northeast Asian countries, which has been jointly established by the United Nations Industrial Development Organization and the United Nations Development Program, indicating there will be no direct negotiations with the ROK.

In an investment seminar held at the Osaka International Hotel on the same day, the North Korean delegation disclosed that individual income not exceeding more than 2,000 North Korean won will be exempt from taxation, and amounts higher than that will be applied to the progressive income tax rate.

ROK Group Offers DPRK Joint Overseas Medical Service Tours

SK1907022096 Seoul YONHAP in English 0158 GMT 19 Jul 96

[FBIS Transcribed Text] Seoul, July 19 (YONHAP) — The Association of Korean Oriental Medicine (AKOM) has formally proposed that North Korea join its medical service tours for ethnic Koreans in Sakhalin, Russia, and Tashkent, Uzbek.

The AKOM overseas medical service group chief, Kwon Yong-chu, made the proposal Friday while disclosing plans to send a team of herbal doctors to Sakhalin and Tashkent July 31 and Aug. 2, who will provide free medical services to ethnic Koreans for one week.

"It is hoped that North Korea will join the AKOM service activities which are provided on a private level for humanitarian purposes," Kwon said.

A similar offer was made to the North last year when AKOM sent a herbal medicine team to Sakhalin, only to be aborted.

North Korea has approximately 10,000 herbal medicine specialists, most of whom are engaged in medical duties at local health centers along with their counterparts in Western medicine, according to AKOM.

ROK: DPRK Troops Mobilized for Construction Projects

SK2307084496 Seoul YONHAP in English 0746 GMT 23 Jul 96

[FBIS Transcribed Text] Seoul, July 23 (YONHAP) — Approximately 30,000 North Korean troops are mobilized for six major construction projects including the development of the Najin-Sonbong free economy and trade zone, Defense Minister Yi Yang-ho said Tuesday.

Troops have also been put to work rehabilitating flood-stricken areas along the west coast, Yi said.

Testifying before the National Assembly Defense Committee, Yi said, "It is presumed that more than 13,000 troops have been mobilized to build the Mt. Kumgang (Diamond) Hydraulic Power Plant and some 10,000 for the development of the Najin-Sonbong zone. In all, about 30,000 troops are believed to have been mobilized for five other major construction projects."

Troops working on such projects are soldiers assigned to the Construction Bureau of the People's Armed Forces Ministry or those to be shortly discharged, according to the defense minister.

"Since no frontline troops are affected, however, the moves are considered not to affect the North's war capabilities and preparedness," Yi added.

ROK Ministry Expels 30 Ethnic Koreans From PRC for Activism

SK1907033196 Seoul THE KOREA TIMES in English 19 Jul 96 p 3

[FBIS Transcribed Text] The government has decided to expel about 30 ethnic Koreans from China illegally residing here for organizing an underground group of fellow aliens and leading rallies together with activist organizations.

The Justice Ministry said yesterday that it uncovered the "Chinese Workers Council," which Cho Yong-ku, 44, and other illegal Chinese nationals established in a recent probe. To be expelled are Cho and other core members of the organization.

According to the ministry, Cho set up the council last March under the pretext of promoting the human rights of illegal Chinese aliens and it now has membership of about 2,000.

Cho participated in rallies organized by local dissident groups in an attempt to pressure the government to enact the so-called foreign workers protection law.

The ministry said that the council rented an office in Namyong- tong, central Seoul, and appointed 16 people each representing alien residents from the Chinese province he or she hails from. In addition, the members were asked to pay a monthly fee of 5,000 won to support the council's activities.

Cho entered Korea using a fake passport belonging to another person in March 1993 and had worked as a menial worker hopping from one construction site to another ever since.

ROK: OECD Requests Schedule for Capital Market Opening

SK1907113796 Seoul YONHAP in English 1039 GMT 19 Jul 96

[FBIS Transcribed Text] Seoul, July 19 (YONHAP) — Prior to its final approval of South Korea's entry, the Organization for Economic Cooperation and Development (OECD) has asked for a concrete time table for South Korea's capital market opening.

An official at the Finance and Economy Ministry said Friday the request was made recently by OECD's Capital Transfer and International Investment Committee (CMIT/CIME).

According to the official, CMIT/CIME wanted to have the time table, contending such a schedule is needed if the committee were to give an affirmative suggestion to the OECD Board with regard to South Korea's membership issue.

The government is expected to give a reply to the OECD committee by the end of this month, but plnas not to accept any unreasonable liberalization demand that may give an excess burden to the government.

"No matter whatever our reply would be, there will be no difficulty in our country's entry into the OECD within the year," the official added.

ROK: Most Lawmakers 'Skeptical' About Quick OECD Entry

SK2007004096 Seoul THE KOREA TIMES in English 20 Jul 96 p 9

[FBIS Transcribed Text] The majority of lawmakers appear to hold a skeptical view on the nation's "hasty" entry into the Organization for Economic Cooperation and Development (OECD).

It is still unclear whether this will result in a rejection of the formal accord signed between Korea and the OECD over the nation's gaining a seat late this year.

In an Assembly session Thursday, Ho Nam-hun, a lawmaker of the second opposition United Liberal Democrats Party, urged the government to set up an institutional device aimed at preventing the economy from being disrupted following the nation's entry into the Paris-based club.

He said a strong and neutral central bank and measures to curb surges in the inflow of speculative hot money are necessary before Seoul becomes a member. He noted that the nation's OECD entry will lead to Korea's losing its developing country status in international fora.

Kang Kyong-sik, a lawmaker of the ruling New Korea Party and former finance minister said, "Ahead of gaining an OECD seat, the government must shed its outdated policy of controlling the economy and shift itself toward adopting a market-oriented policy, adding that the finance and foreign exchange sector reforms must be accelerated."

Rep. Chang Song-won of the largest opposition party National Congress for New Politics, claimed that the government made too many concessions to the OECD just to become a member.

Kwon Ki-sul of the Democratic Party, said it is premature for Korea to be intoxicated with the false joy of becoming a "rich nation" just because it will get an OECD seat. Prime Minister Yi Su-song said the OECD membership will benefit Korea in many aspects, including timely obtaining of information and an upgraded status in international society.

But he added that it will be Korea itself that will decide the pace of liberalization.

Deputy Premier and Finance-Economy Minister Na Ung-pae said it is inevitable for Korea, one of the world's top 10 trading countries, to join the OECD. He added that Seoul will accommodate the OECD's liberalization program within a framework of not threatening macroeconomic stability.

ROK: Kim Yong-sam Addresses KFTA 50th Anniversary Ceremony

SK1907113996 Seoul YONHAP in English 1034 GMT 19 Jul 96

[FBIS Transcribed Text] Seoul, July 19 (YONHAP) — President Kim Yong-sam stressed Friday more efforts should be made to bolster the nation's industrial structure and competitiveness.

"Industries should be able to turn out competitive products through sustained technology development and quality improvement," President Kim said.

The president made the remarks in a congratulatory speech made at a ceremony held at Intercontinental Hotel in southern Seoul to observe the 50th anniversary of the Korea Foreign Traders Association [KFTA].

He said industries should explore overseas markets through positive marketing activities. "You should streamline your industrial structure and promote managerial renovation steadily," the president said.

Kim also said workers should cooperate in ensuring labor- management harmony and wage stability as well as in improving productivity and upgrading products quality.

"The people, in their part, should lead reasonable and modest consumption lives so as to help bring about steady growth of the economy," the president said.

The 50-year anniversary of the traders organization was attended, besides President Kim, by about 1,500 well-wishers including some cabinet members, politicians and senior foreign diplomats.

ROK: KFTA Renamed Korea International Trade Association

SK1907100196 Seoul YONHAP in English 0746 GMT 19 Jul 96

[FBIS Transcribed Text] Seoul, July 19 (YONHAP) — The Korea Foreign Trade Association [KFTA] was renamed the Korea International Trade Association (KITA) on its 50th anniversary, a company spokesman announced Friday.

The association also changed its logo, which shows eight lines enclosing the earth, the spokesman noted, adding that the shape means the exchange of enormous up-to-date information, and represents KITA's will to develop into a first-rate global trade service center in the coming century.

ROK: Automatic Approval System for Banks Overseas Begins

SK1907042396 Seoul THE KOREA HERALD in English 19 Jul 96 p 8

[FBIS Transcribed Text] Domestic commercial banks are virtually free to set up their overseas offices wherever and whenever they want, the Office of Bank Supervision (OBS) said yesterday .

In a meeting of the Monetary Board of the Bank of Korea, participants decided on the so-called automatic approval system, which is effective from today.

For easier, simplified approval procedures, the bank watchdog shifted its criteria for commercial banks' establishment of overseas offices from the previous positive system to the negative system.

Under the negative system, commercial banks are banned from opening overseas offices in two cases.

One is when local governments or bank supervisory bodies put limits on Korean banks' entries in their countries and the other is when domestic banks want to enter overseas markets where most Korean financial institutions' overseas offices are already suffering from poor business showings.

"The decontrol measure is to help domestic commercial banks sharpen their international competitiveness and it is also in line with the government's ongoing deregulation efforts," said an OBS official.

He said that the step is timely when most banks are changing their volume-oriented management to profit-oriented one.

The bank watchdog is required to complete the establishment procedures within 30 days after receiving application forms from commercial banks.

From now on, commercial banks do not need to present application forms both to the OBS and the Ministry of Finance and Economy, but only to the OBS which will send the same form to the ministry, according to the bank watchdog.

The number of commercial banks' overseas offices totaled 223 as of the end of June this year.

They broke down to 86 branches, 57 subsidiaries and 80 representative offices according to the bank watchdog.

Asia topped other regions with a total of 112 overseas offices, including 44 branches. The American continents came next with 58 overseas offices, followed by Europe with 44 and Oceania with five and the Middle East with three.

By country, the United States led other nations with 47 offices, followed by Hong Kong with 31, Japan with 26, Britain with 19 and Germany with 10, according to the bank watchdog.

Besides them, the nation's specialized banks had 64 overseas offices as of the end of June this year.

ROK President Kim 'Regrets' Aborted Talks With Opposition

SK1907042196 Seoul THE KOREA TIMES in English 19 Jul 96 p 2

[FBIS Transcribed Text] President Kim Yong-sam yesterday expressed his regret over the aborted talks with opposition leaders, hinting that the door is still open for another round of dialogue.

Kim's stance was made public by Yi Won-chong, senior presidential secretary for political affairs, in a press meeting at the Chongwadae press room yesterday morning.

"President Kim decided to meet opposition leaders as the National Assembly was normalized after a long period of bipartisan confrontation, and he wanted to discuss the ever-worsening North Korean situation," Yi said.

"The President had planned to exchange views with the opposition leaders and hear their opinions on North Korea and other important state affairs. So he very much regrets the abortion of the scheduled talks due to some other reasons," Yi said.

Yi, however, indicated that Kim is eager to have meetings with opposition leaders Kim Tae-chung and Kim Chong-pil in the not-too- distant future.

"There will be no change in the policy of seeking harmonious politics, which President Kim has emphasized since the April 12 general elections," Yi said.

President Kim was supposed to meet his archrival Kim Tae-chung, now president of the main opposition National Congress for New Politics [NCNP], yesterday, as the latter accepted a presidential invitation personally conveyed to him by Secretary Yi Monday.

Kim Chong-pil, president of the conservative United Liberal Democrats [ULD], was also invited to have meet with President Kim at Chongwadae today.

But two days later, the two opposition leaders who have maintained a strong political alliance since their parties' dismal performance in the general elections, agreed to boycott the Chongwadae meetings in protest against a ruling party lawmaker's verbal attacks on them in Monday's National Assembly plenary session.

During the interpellation session, Rep. Yi Sin-pom, a first-term lawmaker of the ruling New Korea Party [NKP], criticized the two Kims in the opposition for fanning regional rivalry and resorting to anachronistic political tactics to prolong their political lives.

Yi assailed Kim Tae-chung for reneging on his earlier promise to retire from politics, obsessed with a presidential dream. He even likened Kim to a liar shepherd constantly crying wolf and meeting a miserable downfall.

Yi, a former dissident who underwent severe tortures at the former Korea Central Intelligence Agency in the 1970s, vilified Kim Chong-pil, the creator of the notorious agency, as the main culprit of the repressive rule and political operations.

Incensed by Yi's remarks, the two Kims demanded that the ruling party apologize, only to meet a disdainful scoff from NKP leaders, who view Yi's remarks as a due counterpunch against opposition lawmakers' verbal attacks on President Kim, concurrently the president of the NKP, in the previous Assembly sessions.

The NCNP and ULD criticized the NKP for "seconding" Yi to vilify their leaders as untrustworthy politicians trying to conceal their dirty linen.

"How can the ruling party say that they will conduct 'big politics' while stabbing opposition leaders in the back, whom it had invited to summit talks?" NCNP spokesman Chong Tong-yong said yesterday.

NKP spokesman Kim Chol retorted, "The two Kims' rejection of the Chongwadae talks is a childish act that should draw severe scolding from the people. Their unilateral breach of promise made with the head of state is an anachronistic political tactic that trampled the public cause to vent their personal grudge."

ROK Premier Comments on Financial Deregulation at Assembly

SK1907103496 Seoul YONHAP in English 0712 GMT 19 Jul 96

[FBIS Transcribed Text] Seoul, July 19 (YONHAP) — Prime Minister Yi Su-song said Friday the government would continue easing rules governing finance, labor and land.

Answering lawmakers' questions at the parliament's interpellation session, he admitted that the deregulation measures taken so far have not had much results.

On the labor reform program, Yi said the proposed lay-off and labor pool systems would be implemented so as to maximize the positive effects on workers.

Finance and Economy Minister Na Ung-pae said the banking industry would be reformed in a manner that will prevent industrial capital, or business conglomerates, from reigning over banks.

In 1998 foreign banks and securities companies will be allowed to set up locally-incorporated subsidiaries in the country, he added.

He said the government will try to hold the inflation rate to 4.5 percent this year, noting consumer prices had climbed 4.2 percent as of July 15.

ROK: Opposition Lawmakers Criticize State of Rice Market

SK2007004696 Seoul THE KOREA TIMES in English 20 Jul 96 p 2

[By staff reporter Kim Yong-pom]

[FBIS Transcribed Text] In the second day interpellation session on economic affairs at the National Assembly yesterday, opposition lawmakers focused their criticism on the opening of the rice market and sharply declining rice self-sufficiency in the nation.

The lawmakers also continued to criticize harshly the government for its lack of support for small businesses, steep inflation and the recent flights of industries from the nation because of higher production costs here.

The lawmakers in the ruling New Korea Party also joined the voices raising concern about the bleak economic conditions represented by the "five-highs" — interest rates, prices, wages, real estate prices, and product distribution costs.

With the outcry of lawmakers about the alleged failure to meet rice self-sufficiency, Cabinet members in charge of agricultural affairs denied any absolute lack in the nation's food reserves and brushed aside claims of an immediate need for additional rice imports.

The opposition lawmakers from farming region constituencies lashed out at, first of all, the government's rice import policy.

Pointing out the growing amount of rice imports, Rep. Kim Yong- chin of the National Congress for New Politics [NCNP] demanded an explanation of the alleged agreement with the U.S. to import more American rice this year.

Kim alleged that the government agreed with the U.S. to import 200,000 tons of rice this year, far exceeding the amount agreed upon earlier by the two countries for "minimum market access" here.

He also lambasted the overall agricultural policy, claiming that it resulted in the growth of debts incurred by the farming population to 15 trillion won and an annual exodus of 500,000 from farming regions.

He went on to urge the government to drop the plan to distribute the foreign rice to markets by confining its use to feeding livestock.

Rep. Han Ho-son of the United Liberal Democrats urged the Kim Yong-sam administration to promise not to import more rice this year and secure enough rice reserves for the nation's food self- sufficiency.

The former head of the nation's farmers' cooperatives also demanded that the government introduce special payments to farmers to recoup their losses resulting from environment protection projects and abolish strict restrictions on the use of farmlands.

Rep. Kwon O-ul of the minor Democratic Party questioned if the government has set up any rice self-sufficiency plans to brace for sudden unification, raising concern about the sharp drop in the food sufficiency rate of the nation to 28.1 percent.

As a long-term measure to relieve the food shortages in the North, Rep. Kwon suggested systematic agricultural exchanges with the North.

Other lawmakers took issue with voracious inroads by conglomerates into the markets of the smaller businesses under the government's pro-chaebol policies.

Rep. Pak Sang-kyu of the NCNP highlighted the plight of smaller businesses by citing 39,507 cases of small firms that collapsed during the Kim Yong-sam administration and suicides of 320 business operators in 1993.

Rep. Pak attributed such hardships of smaller businesses to the absence of substantial support for them with high interest rates still barring them from securing financial resources despite the existence of a new government agency set up to assist them.

In particular, he lambasted the government for its decision early this year to exclude the consortium of smaller firms from the PCS (personal communications service) market.

He demanded that the government unveil standards for issuing PCS licenses, claiming that the license was awarded to a "disqualified" LG Group.

Meanwhile, another lawmaker, Rep. Chong Han-yong of the NCNP, raised his voice concerning the total lack of measures to protect the domestic market against alleged dumping by foreign companies.

He claimed that domestic firms, especially smaller ones, are reeling from the dumping of foreign products. He pointed out that the anti-dumping probes conducted here for the last five years since 1989 numbered just 14, 5 percent of those by the United States.

Touching upon the favors extended to certain business groups and the slush fund of former president Chon Tu-hwan kept by the Ssangyong Group, he urged the government to conduct a thorough investigation into the groups over their corruption scandals.

As to the severe criticism against agricultural and rice import policies, the ministers of economic affairs pointed to the agreement with the World Trade Organization, that led to a reduction in the rice reserve.

The nation's rice reserve is currently reaching just about half the desirable amount suggested by the Food and Agriculture Organization, according to the government.

The Cabinet members also admitted that the government might distribute the foreign rice to the markets in case the reserve decreases further. However, they flatly denied any plans for further rice imports this year.

ROK: Parties Pass Motion Calling for Release of Kim Hwa-nam

SK1907100096 Seoul YONHAP in English 0741 GMT 19 Jul 96

[FBIS Transcribed Text] Seoul, July 19 (YONHAP) — The National Assembly in a plenary session Friday afternoon approved the motion demanding the release of Rep. Kim Hwa-nam, an independent who was detained on election law violation charges.

With 248 lawmakers, both pro-government and opposition, casting their ballot, the motion passed by a vote of 222 for, 22 against, two abstentions and two invalid.

Rep. Kim, former National Police Administration commissioner, is accordingly expected to be released as early as Friday. Kim was elected on the ticket of the second largest opposition party United Liberal Democrats [ULD], but subsequently bolted from the party.

Since the ruling New Korea Party [NKP] did not oppose the petition on the party level, attention is being drawn to whether the political leaders' meetings aborted by wrangling over the criticism of two opposition leaders, Kim Tae-chung and Kim Chong-pil, by Rep. Yi Sin-pom, NKP, in a floor speech could be revived.

Three floor leaders — So Chong-won from NKP, Pak Sang-chon from the main opposition National Congress for New Politics, and Yi Chong-mu from ULD — met at the National Assembly Friday morning to agree on conducting a vote on the motion demanding Kim's release.

ROK: Tax Administration Official Comments on Audit Policy

SK1907042296 Seoul THE KOREA TIMES in English 19 Jul 96 p 9

[FBIS Transcribed Text] The Office of National Tax Administration (ONTA) said yesterday that it has no plan to pick importers of luxurious consumption goods for arbitrary tax audits aimed at curbing the nation's trade deficit.

Son Yong-nae, ONTA's assistant commissioner at the Value Added Tax Division, said that the Korean tax office does not adopt a policy of discriminating against foreign taxpayers. He also said his office conducts tax audits in an objective and neutral manner, saying that the ONTA has never been arbitrary in auditing taxpayers.

He made the comments after the American Chamber of Commerce in Korea (AmCham Korea) issued a strong protest against the alleged tax probes of "importers of luxurious foreign goods."

He said the tax office announced plans on July 9 to audit "operators of upscale entertainment services, including restaurants, as well as vendors of luxurious consumption goods generating excessively high value added rates in sales."

Son said vendors of the luxurious goods generating high value added rates may include mostly Koreans and some "importers," he said. Son emphasized that when they file honest value added tax payment returns, they will not be subject to audits, emphasizing that only dishonest taxpayers will be checked.

He said the regular tax audits were not motivated for initiating an alleged anti-consumption drive. It was just part of the regular business the tax office conducts aimed at encouraging taxpayer to file honest tax returns, Son said.

ROK Ministry Overhauls Local Call Market With Brokerage Firm

SK1907042496 Seoul THE KOREA HERALD in English 19 Jul 96 p 8

[FBIS Transcribed Text] A specialized brokerage company will replace eight Seoul-based investment finance firms to provide call brokerage service starting in late September 1996.

Under a government measure to overhaul the local call market announced by the Ministry of Finance and Economy yesterday, the brokerage company will be set up jointly by 120 commercial banks, merchant talks, securities companies, investment trusts, life insurance firms and leasing companies.

The brokerage company, to be capitalized at 10 billion won, will be charged with matching transactions in the call market where financial organizations lend and borrow short-term funds and will deal in repurchase agreements (RPs) as well as certificates of deposit (CDs).

For the first three months after the establishment of the brokerage firms however investment finance companies will be allowed to provide call brokerage services .

The government has also eliminated penalties imposed on banks when they make call loans to nonbank financial institutions.

The Bank of Korea imposed disadvantages on commercial banks in its trading of RPs which the banks provided call loans to nonbank financial companies, because such loans resulted in increasing the nations' money supply.

A cap on call money will be imposed on nonbank financial companies in a bid to prevent them from borrowing excessive short- term funds.

Nonbank financial firms with net worth of 500 billion won or less will be permitted to take out call loans of up to 20 percent of their equity capital, while the limit will be 15 percent for financial companies with shareholders' capital exceeding 500 billion won.

According to the ministry, 668 financial organizations participate in the domestic call market, where daily trading volume amounts to 4.7 trillion won.

In a bid to activate transactions of short-term funds among financial institutions, a money market, dealing with funds with maturities of one to six months, will be established in September of this year.

All financial institutions will be permitted to issue repurchase agreements (RPs) under which organizations sell securities holdings on the condition that they will buy back the securities at a specified future date.

Burma

Burma: Editorial Praises ASEAN Acceptance of Observer Status

BK2207114996 Rangoon THE NEW LIGHT OF MYANMAR in English 21 Jul 96 p 6

[Editorial; "No Lustre lost"]

[FBIS Transcribed Text] Even if it is sunk in mud, a ruby does not lose its lustre, or so the saying goes. Where Myanmar [Burma] as a nation and a people has to be weighed in the strength of its integrity and worth, it always comes out the winner.

Take for instance the warm hand of hospitality extended to Myanmar acknowledged by our Minister for Foreign Affairs U Ohn Gyaw on behalf of the 45-million-plus citizens.

Despite the cacophony of unworthy utterances made by those who wish us ill, those who would set Asian up against Asian, acting like the proverbial dog in the manger, Asians know what to do when their cohesion and long-term interests are jeopardised.

The Ceremony for the Admission of Myanmar as Observer of ASEAN, according to wire services, was held at 11.30 am on 20 July 1996 at the Jakarta Convention Centre in the Presence of His Excellency Mr Ali Alatas, Minister for Foreign Affairs of the Republic of Indonesia and Chairman of the ASEAN Standing Committee, the Foreign Ministers of ASEAN countries, His Excellency Dato Ajit Singh, Secretary-General of ASEAN, U Ohn Gyaw himself and members of the Myanmar [Burmese] delegation.

Speaking on the occasion, Mr Alatas stated that ASEAN greatly welcomed Myanmar's admission as Observer and ASEAN look toward to closer cooperation with Myanmar.

In his turn, Myanmar's Minister for Foreign Affairs recalled that at the 28th ASEAN Ministerial Meeting held this month last year, Myanmar intimated its desire to become an Observer. He also added that acceptance as an Observer this year has brought Myanmar a step closer to ASEAN's ultimate goal of one Southeast Asia.

U Ohn Gyaw also took the occasion to reiterate Myanmar's commitment to the ideals and objectives of ASEAN and thanked the member countries for their unanimous support for Myanmar.

Regardless of the wedgework, the rhetoric and wiles of those who interfere in the internal affairs of Asian nations, or of the region, there is always the staunch conviction that blood is thicker than water and that Asian unity or ASEAN unity will bring greater benefits. When our Head of State, Senior General Than Shwe attended the Meeting of ASEAN Heads of Government and Heads of Government of Cambodia, Laos and Myanmar, the consolidation of leadership of the 'Asian Ten', soon to become the 'ASEAN Ten' was imminent.

In bilateral, multilateral and regional cooperation, Myanmar and ASEAN, which will include itself, there will be greater chances for Asian regional assistance and co-prosperity.

Asians are one. ASEAN nations are one.

Burma: Article Claims 'No Chance' of Suu Kyi Assuming Power

BK2207151396 Rangoon MYANMAR ALIN in Burmese 22 Jul 96 p 4

[Articles by U Phyo: "A Rat That Entered a Lime Box"]

[FBIS Translated Excerpt] Once upon a time a group of youths who were seeking knowledge asked many questions to a wise Chinese man. One of the absurd questions that they posed was: "Mr. Wise man, a 80-year-old man in our village is married to a young lady who is about his granddaughter's age. What will their married life be like?" The wise man answered: "Young men, it is going to be like the rat who entered a lime box." Then the youths pleaded the wise man to explain his answer. The wise man said: "The answer is clear. What would a rat in a lime box do? A rat doesn't eat lime. So the only result is that the rat entered a lime box; but actually there may be another outcome." The wise man then asked: "Do you know the outcome?" The youths could not answer and said "Mr. Wise man, please answer because we are unable to guess of the result." The wise man said: "The outcome is that the box becomes sullied by the rat."

Htet Htet Moe Pyu [derogatory reference to Aung San Suu Kyi] who received an Academy Award from us is trying to forcibly get onto the Myanmar [Burmese] political stage. She lacks the necessary qualifications so there is no chance of her taking part in any political organizations in Myanmar and in the future legislature. The reason for this lack of qualifications is her own fault.

The prescription on the qualifications of members of the People's Assembly—which was given importance and prescribed by General Aung San [Aung San Suu Kyi's father]—says a person who receives assistance from abroad, or who is in a position to receive such assistance, is not allowed to be a member of the People's Assembly. Her case is directly related to this prescription. [passage omitted on the detailed basic principles prescribed at the National Convention that disqualify a person from becoming a member of the People's Assembly]

Under the policy prescribed by her father a long time ago and today's detailed basic principles prescribed at the National Convention, Academy-Award Winner Htet Htet Moe Pyu cannot become a member of the People's Assembly. Our actress also has no chance of becoming a president, a vice-president, a minister, or a deputy minister, because a person who is going to take these high positions must have a qualification like a member of the People's Assembly.

In Myanmar society, it is necessary that people who are going to lead the country must love their race and work loyally, dutifully, and bravely for the people's interests. We need people with 100 percent national characteristics.

I sadly analyzed our actress.

Although she is a daughter of national leader why is she different from her father? Why is her patriotism being destroyed? She is a real daughter, yet why was she unable to maintain, but instead destroy her father's ideology, conviction, and policy? I have found the answer. It is that an individual inherits physical traits from his or her parents, but the individual's ideology is dependent upon what he or she did in past lives. [passage omitted on how one inherits Deoxyribo Nuclei Acid from parents, and the explanation on differences between the parents and children by Maha Gandayone Sayadaw Ashin Biwuntha, a revered Buddhist monk]

It is true. The explanation by Sayadaw Ashin Biwuntha coincides with the life of General Aung San.

The British Government issued the arrest warrant for General Aung San, and insulted him by announcing Kyats 500 reward for his arrest. They conferred the Nobel Prize to General's daughter with an aim to control, manipulate, use, and influence Myanmar at their own will. The general fought the imperialists for independence. The daughter married the imperialist and attacked independence. By this, I mean the daughter is attacking and criticizing the same state government that is safeguarding independence.

The Sayadaw Ashin Biwuntha's sermon came into my mind in which he mentioned that a monitor lizard changes its original color according to the color of the ground it hibernates.

It is not surprising to see that our actress, who lived in foreign countries for nearly 30 years, is looking up to the foreign countries, insulting our national patriotic leaders, and relying on the foreign elements.

In brief, I want to say that General Aung San is General Aung San, and it is not surprising to see that General Aung San's daughter has none of his spirit and capability.

Do you not think it would be best for the unrelated rat to stay away from the Myanmar political stage or a lime box so that it is not tainted by the rat?

Burma: Editorial Hints Suu Kyi, NLD Respect SLORC's Law No 5/96

BK2207125396 Rangoon THE NEW LIGHT OF MYANMAR in English 19 Jul 96 p 6

[Editorial: "Endorsement"]

[FBIS Transcribed Text] As recalled by the entrepreneurs themselves at the Visit Myanmar [Burma] Year and Myanmar Development Forum the other day, speaker after speaker endorsed the good work the State Law and Order Restoration Council had done in jettisoning the centralised economy and substituting it with the outward-looking market economy.

As Mr Joe Peng, one of the principal speakers, had noted, he came to Myanmar in 1985 and found his hands tied. Nonetheless, he went away, vowing to come back for he believed he could work out something viable.

He, and many other goodwill ambassadors came back and found the conditions conducive to investment. They had high praise for the people, specially those in working age, their industry, honesty and the will to learn. They were working for mutual benefit.

However, it was not to be. The publicity these garment manufacturers obtained through visiting Western media later turned sour because the contractors like Liz Claiborne, Eddie Bauer, Macy's and suchlike received the brunt of the protests over dealing with Myanmar.

Understandably, and as the venturers had pointed out, it was Daw Aung San Suu Kyi and the NLD [National League for Democracy] behind the mischief. They would rather let their fellow citizens suffer when they should be encouraging foreigners to do business here.

They played into the hands of the foreign destructionists and obstructionists so well that instead of the entrepreneurs getting more orders, they were having to cut them.

Does it please the NLD and its leader, Daw Suu Kyi, to make the job holders jobless? Does it also please them to have no aid coming our way? No loans? Investments, international banking and loans are intertwined.

The West threatens us with sanctions just because it cannot succeed in its machinations to wrest power for Daw Suu Kyi and the NLD.

Yesterday, this paper carried a thought-provoking article — The Unforgettable 19th July — which is a page from history and which is worth reading side by side, so to say, with today's developments.

The waters of Inya Lake which touch Daw Suu Kyi's shore and that of U Saw's cottage bear witness to the cached munitions destined to retard our regaining of independence and today's machinations hand-in-glove with neocolonialists designed to make Myanmar poorer and shove it under colonialism again.

Laws in any country are made to serve the needs of the time, to be obeyed, whether they are strictly enforced or not, specially those that are meant for preservation of public order.

It is seen that while there are those who champion nonconformity, there are also those who goaded by their distant cohorts willingly flout them. A case in point is the State Law and Order Restoration Council [SLORC] Law No 5/96, namely, Law Protecting the Systematic Transfer of Responsibility and the Successful Performance of the National Convention against Disturbances and Opposition.

In the public interest and that of preservation of public order, this law, plus observations at the Forum should be respected.

Burma: SLORC Reconstitutes Information Committee

BK2307102596 Rangoon TV Myanmar Network in Burmese 1330 GMT 22 Jul 96

[FBIS Translated Text] A ceremony to reconstitute the State Law and Order Restoration Council [SLORC] Information Committee was held at the Defense Services Guest House on Inya Road in Yangon [Rangoon] at 1300 today. Lieutenant General Khin Nyunt, SLORC secretary-1, attended the ceremony and delivered an address.

Also present were Brigadier General Maung Maung, minister of deputy prime minister's office; U Than Aung, minister of cooperatives; Information Minister Major General Aye Kyaw; U Nyunt Swe, deputy minister of foreign affairs; Dr. Than Nyunt, deputy minister of education; and departmental heads.

The SLORC Information Committee reconstituted Minister for Information Maj. Gen. Aye Kyaw as leader. Deputy ministers and departmental heads will release news on developments, changes in the country, economy, and investments from time to time.

The Committee will hold news briefings on a regular monthly basis.

Burma: NLD MP Reportedly Imprisoned for Refusing To Resign

BK2107075996 Oslo Democratic Voice of Burma in Burmese 1430 GMT 20 Jul 96

[FBIS Translated Text] On 2 July, the SLORC [State Law and Order Restoration Council] pressured U Chit Htwe of the National League for Democracy [NLD] from Magwe Township to resign as a member of the People's Assembly and a party member. When he refused to resign, the SLORC accused him for stealing documents belonging to the Burma Socialist Programme Party during the 1988 democratic uprising and charged him with Section 6-1 of the Public Property Protection Law. He was later arrested and sent to prison.

It has been learned that U Nay Lin and U Ohn Myint Zaw from Magwe, who were pressured to resign as NLD members by the SLORC, were also arrested and imprisoned under the same section. Also arrested were Ko Kyaw Htoo and Ko Yaza, who on 8 July loudly shouted: Long Live Daw Aung San Suu Kyi.

Since the [NLD] Party Congress that was held on the 6th anniversary of the general elections, the SLORC has arrested some elected representatives, while pressuring others to resign as elected representatives. Some of the elected representatives were pressured for engaging in business activities, while others were enticed by the SLORC with business opportunities. Due to pressure from the SLORC, no less than 15 elected representatives of the NLD have resigned thus far.

DVB [Democratic Voice of Burma] correspondent Maung Pine Htun in Bangkok filed this report.

Burma: Over 14,000 MTA Members Reportedly Surrendered Jan-Jun

BK2107163996

[FBIS Summary Rangoon TV Myanmar Network 21 July] Rangoon TV Myanmar Network in Burmese at 1330 GMT on 21 July 96 carries a 3-minute report on the surrender of members of Khun Sa's Mong Tai Army [MTA]. The report says "as of June of this year, a total of 14,506 members of the MTA led by U Khun Sa returned to the legal fold, bringing with them 8,861 assorted small and heavy weapons; 2,047,080 assorted ammunitions; and 46,373 assorted mines to the Defense Services."

The report also says that 14 MTA remnants, led by Deputy Company Commander Sai Phaikka, returned to the legal fold at a local battalion in Tachilek on 19 July. They brought a total of 12 small and heavy weapons — one 57-mm, one medium machine gun, eight M-16, and two M-22 — and 632 assorted ammunitions. The reports says more MTA remnants will return to the legal fold.

Brunei, Malaysia & Singapore

Malaysia

Malaysia: Editorial Views Outcome of ASEAN Ministerial Meeting

BK2307095096 Kuala Lumpur UTUSAN MALAYSIA in Malay 23 Jul 96 p 6

[Editorial: "Interesting Statements From the 21th AMM"]

[FBIS Translated Text] The 29th ASEAN Ministerial Meeting (AMM), which concluded in Jakarta yesterday, reached several decisions that reflect a stronger degree of cooperation among the regional member countries.

Several interesting joint statements were issued by the AMM in connection with the political, security, and economic fields.

For example, regarding the political issue, ASEAN, which will be celebrating its 30th founding anniversary next year, has entered a new era in it efforts to achieve the objective of enlisting 10 Southeast Asian countries into its fold.

Apart from Cambodia and Laos, which will become the group's 8th and 9th members respectively, ASEAN is also ready and willing to accept Myanmar [Burma] into its fold in the future.

Currently, Myanmar has only been given observer status, despite strong criticism from the West, while India, China, and Russia have been accepted as dialogue partners. Such a status was also given to them in the field of economic cooperation. The recently concluded meeting indicated the regional group's serious commitment toward implementing the East Asia Economic Caucus (EAEC).

The seven member countries again reaffirmed that the EAEC mooted by Malaysia is not a threat nor will it in any way affect the Asia-Pacific Economic Cooperation (APEC).

We sincerely hope that the countries that earlier expressed their concern over the concept of EAEC will accept it. They should realize that the EAEC will not become a dividing line within the Pacific region.

On the other hand, the EAEC should be accepted as an economic consultative body that can assist in hastening the process of progress and economic development in the Asia-Pacific region.

However, with regard to the question of security, the ASEAN ministers who attended the AMM, expressed their apprehension over the situation in the South China Sea, including the issue of the disputed Spratly Islands.

Such an apprehension emerged following China's action of publishing a map in May that reflected its claims over the vast South China Sea. Prior to this, Malaysia, the Philippines, Brunei, and Vietnam — all members of ASEAN — and China and Taiwan had staked overlapping claims over the disputed islands.

Following the decision made in Jakarta, we hope that the issue can be amicably settled in accordance with the Manila Declaration regarding the South China Sea.

This is because each country has its own basic stand when staking its claims over the disputed islands.

Under such circumstances, the parties involved should make prior preparations toward solving the issue peacefully in accordance with international legislation and particularly in accordance with the 1982 United Nations Convention on Maritime Law.

As a dialogue partner, China, on the other hand, should not embark on any action that could create fear among the ASEAN member countries.

We also hope that ASEAN's spirit of cooperation can be further enhanced so that it plays a more effective role in the Asia-Pacific region as well as at the international level.

Malaysia: Kelantan Islamic Party Deals 'Severe Blows' to Former Ally

BK2007114696 Kuala Lumpur THE STAR in English 20 Jul 96

[Report by Shamsul Akmar and Nick Leong — received via Internet]

[FBIS Transcribed Excerpt] Kota Baru — PAS [Pan Malaysian Islamic Party] dealt three severe blows to Parti Melayu Semangat 46 [Malay Party of Spirit 46], its former ally in the Kelantan State Government yesterday in the latest twist to the parties' continuing feud.

PAS took a Semangat assemblyman into its fold, withdrew Semangat's exco [executive council] portfolios and sacked the party's state liaison chief as chairman of a state agency.

The day started with Semangat assemblyman for Kelaburan, Nordin Yaakub, announcing his decision to join PAS in the presence of Mentri Besar [Chief Minister] Datuk Nik Abdul Aziz Nik Mat.

Nordin declared his defection at the state PAS headquarters here before 2,000 PAS supporters who had earlier attended Nik Aziz's weekly sermon.

The mentri besar, who is Kelantan PAS commissioner then told reporters that portfolios held by Semangat state excos had been withdrawn.

At midday, a close aide of the Mentri Besar revealed that Nik Aziz had sent a letter to Deputy Mentri Besar Rozali Isohak, informing him that he had been sacked as chairman of Ladang Sungai Terah Sdn Bhd [private limited], a State Economic Development Corporation (SEDC) subsidiary.

Nordin said he decided to abandon Semangat because he was now convinced that his former party had deviated from its original struggle, adding that he was neither coerced nor forced into making the decision.

"I did it for the love of the state, the sultan and the ulamak [religious scholar] leadership," he said.

Rumours of Nordin's defection had been widespread following his absence from the state assembly meeting on July 7.

Nordin said he would tour the state with Nik Aziz to explain to the people the political crisis between PAS and Semangat.

"It (the crisis) was not incidental; it was created by certain people. PAS has tried to solve the crisis peacefully but not Semangat," he said.

Nik Aziz said he was confident that "a few more" Semangat assemblymen would switch over to PAS.

"We are open to those who subscribe to our principle of Malay unity," he added. [passage omitted]

Malaysia: Mahathir Rules Out Intervention in Kelantan's 'Crisis'

BK2107134296 Kuala Lumpur SUNDAY STAR in English 21 Jul 96

[Report by Mergawati Zulfakar — received via Internet]

[FBIS Transcribed Text] Petaling Jaya — Datuk Sri Dr Mahathir Mohamed said last night it was up to the people of Kelantan to resolve the state's political crisis.

The Prime Minister said the Federal Government would not interfere in the feud between PAS [Pan Malaysia Islamic Party] and Parti Melayu Semangat 46 [Malay Party of Spirit 46], former allies in the Angkatan Perpaduan Ummah (APU) [Islamic Unity Front] government.

"I dare not give my opinion. I'm not saying the (Kelantan) state assembly should be dissolved. If their leaders are of sound mind, they should consider it," he told reporters on his return from the Kyrgyz Republic and Kazakhstan.

He reminded UMNO [United Malays National Organization], PAS and Semangat 46 that the objective of democracy was not to give sole power to a government but benefits to the people.

"When they become the government and cannot deliver the goods for the people, they should remember that the people should be given the chance to rectify something that is wrong," he added.

Dr Mahathir said the present situation did not warrant federal intervention and stressed that the Government did not have any intention to grab power from the state authorities.

"The situation has not reached a dangerous level, so it is better not to take action proposed by certain people such as declaring a state of emergency to take over the government. That is not our style although we had done it before because the situation was serious," he said.

He also noted that during the 1995 general election, PAS received support because it was part of APU.

Asked to comment on PAS blaming UMNO for the current crisis, Dr Mahathir said such accusations were nothing new as the opposition party had always blamed UMNO if anything bad happened to it.

On Kelantan Mentri Besar [Chief Minister] Datuk Nik Abdul Aziz Nik Mat's move to strip four Semangat exco [executive council] members of their portfolios, Dr Mahathir said the appointments were made with the approval of the Sultan of Kelantan, so their withdrawal should also be accepted by the ruler.

Singapore

Singapore: Minister Updates Figures on Investment in Shanghai

BK2307085896 Singapore THE STRAITS TIMES in English 23 Jul 96

[Report by Chua Mui Hoong in Shanghai — received via Internet]

[FBIS Transcribed Text] Singapore investments in Shanghai grew by a quantum 31 per cent over the last seven months to reach US$2.2 billion (S$3.1 billion) at the end of April.

From fifth, it has become the fourth largest external investor in Shanghai, China's commercial and financial center.

From 475 projects in September last year, Singapore had 549 projects in Shanghai in April.

Giving an update on Singapore investments in Shanghai during a ceremony to sign agreements between the two cities to develop jointly a public housing project, Health and Information and the Arts Minister George Yeo noted:

"Shanghai is the dragon head of the Yangtze economic belt because of its strategic geographical and economic position. Shanghai is a very important investment location for Singapore companies."

About 40 to 50 per cent of the value of total Singapore investments in Shanghai is in property.

The other projects include those in the manufacturing and retail sectors.

The Shanghai government is actively courting foreign investors to provide low-cost public housing as the city undergoes intense redevelopment.

Shanghai Mayor Xu Kuangdi said in a speech at the signing ceremony that Shanghai was in need of public housing.

Residential space in crowded Shanghai amounts to only eight sq. m. per person, or about eight people per three-room HDB [Housing Development Board] flat.

Only 50.7 per cent of its 13 million population are housed to this standard or better.

Mr. Xu said the government aimed to improve living conditions to provide 10 sq. m. of space per person for 70 per cent of the population by the year 2000.

It plans to redevelop 3.6 million sq. m. of run-down housing. The municipal government plans to redevelop its slum areas by the year 2000.

To encourage foreign participation in developing public housing, the Shanghai government started a new policy last August, in which it provides land and undertakes to purchase the completed dwelling units while the foreign investor supplies the capital.

The Singapore-Shanghai cooperation agreement to develop Sanlin Township is the first to be signed under this new policy.

Under the arrangement for Singapore, the consortium provides financial backing and is assured of up to 15 per cent returns a year.

Construction is left to a local partner.

Such an arrangement gives financial investors returns more attractive than what they can get in Singapore, while protecting them from project risks such as delayed completion, said Mr. Wong Kok Hoi, deputy chairman of the Singapore consortium pumping in S[Singapore] 200 million over three years to develop part of the Sanlin Township with a local Chinese government partner.

Orchard Parade Holdings managing director Leong Horn Kee, chairman of the Singapore consortium, said the arrangement provided "reasonable" returns for a relatively low-risk project.

He added: "There are intangible gains like better goodwill and contacts with the municipal government. On the whole most consortium members are pleased to have participated in the project."

Singapore: Defense Cooperation With South Africa To Increase

BK2307072796 Singapore THE STRAITS TIMES in English 23 Jul 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] South Africa's Deputy Defense Minister calling on Acting Minister for Defense Rear-Admiral (NS [National Service]) Teo Chee Hean yesterday [sentence as received]. Mr. Ronald Kasrils was here on a three-day official visit at the invitation of Rear-Adm (NS) Teo.

Accompanied by his wife, Mr. Kasrils also visited the Safti Military Institute and toured the Chartered Industries of Singapore at Jalan Boon Lay. It was his first visit to Singapore since his appointment as South Africa's Deputy Defense Minister in June last year.

A Singapore Ministry of Defense statement said that defense cooperation and interaction between both countries will be stepped up. The foundation for defense relations between both countries was established when the former Defense Minister, Dr. Lee Boon Yang, visited South Africa last year. The two defense ministries and armed forces have engaged in a range of activities and Mr. Kasrils' visit further strengthens bilateral ties.

Indonesia

Indonesia: Article Opposes U.S. Officials' Meeting With Megawati

BK2307124796 Jakarta REPUBLIKA in Indonesian 23 Jul 96

["Analysis" by Victor Tanja: "The Significance of Jackson and Christopher Visits" — received via Internet]

[FBIS Translated Text] The media have recently focussed their attention on the activities of Jesse Jackson, a

Black American leader who had once nominated himself as a presidential candidate. Jackson seemed to have a busy schedule, meeting with textile workers in Indonesia and even with Megawati Taufiq Kiemas, chairwoman of the Indonesian Democratic Party [PDI] elected in the 1993 national congress.

Jackson has already returned home, and now U.S. Secretary of State Warren Christopher, who is on a working visit to Indonesia, is also scheduled to meet Megawati Sukarnoputri. What are these U.S. politicians doing here and why do they want to meet Megawati? As we all know, another election will be held in the United States at the end of this year. The ruling Democrat Party will nominate Bill Clinton, whose success will also be shared by the Democrat Party. This means Democrat personalities such as Jackson and Christopher should be used to get support for Clinton.

As a Black American leader, Jackson has been selected to visit developing countries because he is a symbol of the Democrat Party's commitment to human rights. Even though the U.S. is not very successful in dealing with the human rights issue domestically as can be seen from the frequent outbreaks of racial violence, it must maintain its image as the defender. Besides, Jackson also serves as a symbol to show that the Democrats do pay attention to Black Americans. All this is related to Clinton's ambition to be president for another term.

Aware that the U.S. Government cannot solve the human rights issue, these people have decided to turn their human rights campaign on developing countries and Indonesia has been selected for this. Jackson and the U.S. Government are aware that Indonesia is facing a workers problem as well as the PDI leadership issue.

The U.S. believes Megawati is receiving support from the under classes. Aspiring to become the world's policeman, the U.S. does not want to be left behind on this issue, and wants a greater role. It wants to do something similar to what it did to the Philippines several years ago that led to the downfall of the Marcos government, though it is not exactly the same situation. The U.S. was not an enemy of the Marcos government, but it played a major role in the emergence of the people's power movement in that country.

I believe it is totally wrong for the U.S. to treat Indonesia the same way it treated the Philippines, which has a powerful and influential church leadership under Cardinal Jaime Sin. Then, Filipinos considered Cory Aquino to be the Blessed Mother Mary.

On the other hand, Megawati, despite her massive support, does not reflect the aspirations of all the under classes. Furthermore, I believe there is no concept of the Blessed Mother Mary in Indonesia. Therefore, Jackson's decision to meet Megawati and to hope to change the human rights situation is wrong. I hope Warren Christopher will not repeat Jackson's mistake.

Jackson's move shows that the U.S. does not understand Indonesian culture. Noteworthy is that there is no one outside the government here whose views are heeded to by the populace in the same way as the Philippine church leaders. Indonesian society comprise diverse religious and ethnic groups, which usually exercise self-restraint and do not want to hurt each others' feelings.

I believe there are many people who disagree with the actions of Megawati followers, but they continue to exercise self-restraint. They know that without it, clashes are inevitable and bloodshed will follow. Therefore, if the U.S. wants to apply its Philippine tactic in Indonesia, they are making a mistake.

In the past, the late President Sukarno once said "We will crush both the United States and Britain" [Amerika kita seterika, Inggris kita linggis]. Of course, there is nothing wrong for the United States to approach Sukarno's daughter Megawati, as it wants to launch its democracy campaign. The U.S. believes Megawati to be a symbol of democracy supported by the under classes. Even though this perception is wrong, the U.S. will continue to use Megawati in its international political designs.

As a person who is already aware of U.S. designs, I deeply regret my compatriots' decision to accept them. Perhaps, this is due to the media's exaggerated coverage of the U.S. officials' visit and their meeting with Megawati.

However, we cannot blame all Megawati followers for this folly. The truth is those who have taken to the streets are true activists as well as the unemployed. During these rallies, the latter group has a chance to "work".

Human beings are basically working beings. Nobody is happy when he is without work. Even the wealthy are restless when they have nothing to do. Having nothing to do is equivalent to not contributing to the process of change. For those people, going out to the streets to join rallies is better than doing nothing at all. It is of course deeply regretable if this activity is used to benefit U.S. political interests.

In this modern age, interdependence has replaced dependence. We need the U.S. which in turn needs us. However, aspiring to become the world's policeman, it tries to impose its system on other countries.

Therefore, we must be vigilant against U.S. moves. We must not fall for its political ruse and must safeguard our existing values. For this reason, we must be more educated so as not to become victims.

Indonesia: Editorial Expresses Optimism Over ASEAN Meetings

BK2207104996 Jakarta THE JAKARTA POST in English 22 Jul 96 p 4

[Editorial: "The ASEAN Meetings"]

[FBIS Transcribed Text] This week is a very busy one for the 29-year-old Association of Southeast Asian Nations (ASEAN). It started last Tuesday, with the senior officials' talks to prepare for the meeting of foreign ministers over the weekend. The series of conferences is to be capped this week with dialogs between ASEAN and 28 developing countries and developed countries. The dialog partners comprise of seven developing countries — Papua New Guinea, Cambodia, Laos, Myanmar [Burma], Russia, China and India — and 21 developed countries — the 15 member-European Union, Australia, Canada, Japan, New Zealand, South Korea and the United States.

The number and variety of the countries taking part in the annual ASEAN meetings, which cover economic, political and security issues, clearly shows the increasing international recognition of ASEAN's role in the peace, stability and dynamism of Southeast Asia.

A notable development in this year's meetings is the first participation of Myanmar as an observer in the ASEAN Ministerial Meeting and the first presence of India, from South Asia, China and Russia as full dialog partners.

The admission of Myanmar as an observer — to strong criticisms by several of the participating developed countries — is part of ASEAN's ongoing constructive-engagement process to eventually group all 10 countries in the Southeast Asian region. Cambodia and Laos are expected to join next year and Myanmar to follow in 1998.

The three new members will certainly increase the strains on the process of decision-making and consensus-building within ASEAN, which even now has often been criticized for holding so many meetings of numerous levels (more than 250 a year). Nonetheless, the admission of the three countries, whose economic development levels are still below those of the current seven members, is quite strategic for the promotion of peace, stability and welfare in the region. Their joining ASEAN will bind them to the association's Treaty of Amity and Cooperation in Southeast Asia, thereby contributing to the region's security and stability, which, in turn, will facilitate and sustain economic development.

It is encouraging to note that the ASEAN ministers, as their joint communique shows, devoted more attention to concrete matters and issues of more significance to the grouping's objective of sharing prosperity through economic cooperation and integration. Notably through the ASEAN Free Trade Area and functional cooperation in the development of human resources, science and technology, education and in the control of drug abuse and HIV/AIDS. [sentence as published]

Also of great significance is the stronger common stand forged by ASEAN against the inclusion of nontrade-related issues, such as corruption and labor standards, the agenda of the first ministerial meeting of the World Trade Organization (WTO) in Singapore in mid-December. The tone was set by President Suharto, who devoted a great deal of his opening address at the ministerial meeting to the agenda of the forthcoming WTO meeting.

He expressed concern over the attempt by some developed countries to sidetrack the deliberations in Singapore so that the focus of the agenda would be on issues unrelated to trade. Trade is vital to sustaining high economic growth in ASEAN countries, which has been averaging at a respectable rate of 7 percent over the last five years. Trade is also one of the most effective means of forging links between the economies of the 10 Southeast Asian countries. Such links will prevent divisions of Southeast Asian countries into rich and poor ones.

Indonesia: Suharto Meets With Russian Foreign Minister Primakov

BK2207105996 Jakarta Radio Republik Indonesia Network in Indonesian 0700 GMT 22 Jul 96

[FBIS Translated Text] President Suharto has received a courtesy call from Russian Foreign Minister Yevgeniy Primakov and his deputy (Aleksander Spinov). During the meeting, the Russian foreign minister handed over a letter from President Boris Yeltsin to President Suharto and discussed bilateral ties. Minister-State Secretary Murdino gave details of the meeting:

[Begin Murdiono recording] Both Indonesia and Russia are looking for potential areas, especially in the economic field, to be developed for mutual benefit in the future. In this connection, the Russian foreign minister said his country is serious about its desire to expand ties with Asia-Pacific countries, especially Indonesia. Therefore, both sides need to get to know one another more, especially in regard to the two countries' private business sector. The Russian foreign minister said his country attaches great importance to bilateral ties with Indonesia because our country has great potentials. He also handed over an letter from President Yeltsin to

President Suharto inviting the latter to visit Russia at a convenient time. [end recording]

Indonesia: President Suharto Holds Talks With PRC's Qian Qichen

BK2207130696 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 22 Jul 96

[FBIS Translated Text] President Suharto said nontrade issues, such as human rights and democracy, should not be related to economic cooperation between industrialized and developing countries because each country has its own ideas that cannot be imposed on other countries. The president said this when he met with Qian Qichen, PRC vice premier of the state council and foreign minister, at the Bina Graha presidential office in Jakarta this afternoon.

Speaking to reporters, Minister-State Secretary Murdiono said the president and the PRC foreign minister also agreed that industrialized and developing countries should forge fair partnership. During the meeting, the PRC foreign minister also conveyed the PRC president's and prime minister's greetings to President Suharto. The PRC leaders expressed hope that President Suharto will be able to visit China someday.

Indonesia: Megawati's Lawyers Criticize Military Over PDI Headquarters

BK2207080596 Jakarta THE JAKARTA POST in English 20 Jul 96 p 2

[Unattributed report]

[FBIS Transcribed Text] Jakarta (JP) — Megawati Sukarnoputri's fight against the military and the government's backing of Suryadi, who ousted her as the chief of the Indonesian Democratic Party (PDI) is continuing apace across the country.

Yesterday, a team of lawyers representing her lashed out at Armed Forces Chief of Sociopolitical Affairs Lieutenant General Syarwan Hamid for his Thursday [18 July] statement that the party's headquarters on Jalan [Road] Diponegoro, in Central Jakarta — which Megawati's supporters currently occupy — should be handed over to Suryadi.

"The headquarters will remain Megawati's until the court decides otherwise," the lawyers said in a petition yesterday.

The petition, co-signed by the lawyer's coordinator, Amartiwi Saleh, and the team's chairman, R.O Tambunan, was sent to Syarwan Hamid yesterday. A copy of the petition was made available to THE JAKARTA POST.

Syarwan has said that Megawati did not have the right to occupy the headquarters anymore since she was no longer the legitimate chief of the party. He also indicated that ABRI [Armed Forces of the Republic of Indonesia] would help Suryadi should he decide to take over the office from Megawati.

There have been rumors that a group of Suryadi's men might take over the headquarters soon. This has not, so far proved to be correct.

Suryadi was elected PDI chairman in a government-sponsored congress held in Medan, North Sumatra, last month. He replaced Megawati whose leadership term was supposed to end in 1998.

Megawati filed a multi-billion dollar lawsuit at the Central Jakarta District Court on 4 July demanding that the court nullify the rebel congress and its result, and declare her the legitimate PDI leader.

Yesterday the lawyers questioned Syarwan's position when he made the statement. "He acted as if he were a government spokesman, who represented Suryadi's interest," the petition charged. "He shouldn't have involved himself so far in non-military problems."

Meanwhile, REUTERS reported that Megawati's camp denied that her faction was involved in a call by political activists for a nationwide strike due to start today.

Some 300 activists marching yesterday in support of Megawati distributed pamphlets calling for the strike from Saturday to Monday. "It's high time the people, in a dignified and prestigious way, get together to hold a general strike all over Indonesia,' said the unsigned pamphlets.

The supporters have staged a number of protests, including a peaceful march yesterday from the House of Representatives to PDI headquarters eight kilometers away.

The pamphlets also called on people to gather at PDI headquarters today and tomorrow in support of Megawati.

According to REUTERS, news of the possibility of a strike rattled the foreign exchange market as it came on the eve of the annual two-day meeting of foreign ministers from the Association of Southeast Asian Nations (ASEAN) in Jakarta.

The military has said it will take tough action to prevent political unrest during the meeting and the subsequent ASEAN Regional Forum gathering.

The group of Megawati's supporters yesterday demanded that House Speaker Wahono remind President

Suharto to recognize Megawati Sukarnoputri as the legitimate PDI leader.

Calling themselves the Communication Forum for Indonesian Voices, the protesters also demanded that the House Speaker prevent any disintegration which may result if the current political developments continued.

Indonesia: Military Chief Views Free Speech Forum as 'Subversive'

BK2307085496 Jakarta KOMPAS in English 23 Jul 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Jakarta, KOMPAS Online — Chief of the Armed Forces General Feisal Tanjung views the free [speech] forum existing in the yard in front of the PDI [Indonesian Democratic Party] Secretariat on Jalan [Road] Diponegoro, Central Jakarta, as an open violation to public security codes in the area. The General also accused the free forum as being a center of subversive activity.

It is not in accordance with public order in the area. People with dignity do not incur the wrath of others, he said during a meeting of the Indonesian Election Council (PPI) on Monday (22 July).

Feisal argued that matters should be conveyed in a constitutional way rather than through offensive banners. He also indicated that ABRI [Armed Forces of the Republic of Indonesia] would take steps to disperse the crowds who had been gathering at the PDI headquarters since the government sponsored PDI congress in Medan in June.

Separately, the ousted PDI chairperson Megawati Sukarnoputri held a press conference attended by over 100 local and foreign journalists, most of whom were in Jakarta to cover the ASEAN Ministerial Meeting.

Megawati also addressed the supportive crowd in front of the PDI headquarters. She told them to continue in their struggles to uphold democracy. Megawati countered Feisal's accusations of subversive PDI activity, asserting that this was a forum for democracy which had become the channel for the publics aspirations. This forum is an open lecture room where politics as well as democracy are taught in accordance with the Pancasila and the 1945 Constitution, she said.

Laos

Laos: Government Plans To Open Embassies as ASEAN Member

BK2007114196 Bangkok THE NATION in English 20 Jul 96 p A2

[Report by Don Pathan, Yindi Loetcharoenchok]

[FBIS Transcribed Text] Jakarta — Laos will open three new embassies in Brunei, the Philippines and Singapore to strengthen its relations and enhance its integration next year as a member of the ASEAN grouping.

As part of its plan to join the seven member ASEAN grouping, Laotian Prime Minister Khamtai Siphandon will also visit Brunei, Indonesia, and the Philippines.

Lao Foreign Minister Somsavat Lengsavat told The Nation yesterday that he expects the trips to take place either later this year or early next.year.

He said he hoped the three new embassies could be established before the 30th ASEAN Ministerial Meeting (AMM) in Kuala Lumpur in July next year.

In 1992, Laos became an ASEAN observer, the initial status before the country fully joins the regional grouping. On March 15, Somsavat submitted an application for ASEAN membership to Indonesia, which is hosting the AMM this year. Somsavat said his country wants to become an ASEAN member in 1997.

Somsavat said yesterday that he did not know whether Laos would obtain the upgraded status at the next AMM in Malaysia.

He said he would like to first consult and listen to the opinions of the ASEAN foreign ministers who begin their two-day annual meeting today.

Although there has been strong optimism of Laos joining the regional grouping, Vientiane is, nevertheless, fully aware of its limitations.

To join the regional association, Laos still needs to do a lot of physical and organisational preparation, including the development of its human resources, he added.

Somsavat accepted that the lack of trained personnel with good English proficiency and knowledge of ASEAN political, economic and social affairs as well as the shortage of financial resources have been the key technical problems for Laos' early entry into ASEAN.

Despite assistance from individual ASEAN members, the United Nations Development Programme, and some Western countries including Canada, Laos is still in need of more aid programmes and technical support.

Philippines

Philippines Column on SRV, Laos, Cambodia's Capability in ASEAN

BK2307071396 Manila BUSINESS WORLD in English 23 Jul 96

[From the "ASEAN Watch" column by Al R. Dizon: "Waking Up to the ASEAN 10"—received via Internet]

[FBIS Transcribed Text] Vietnam is a year old in the Association of Southeast Asian Nations (ASEAN) fold. Sounds like a corny rhyme. But whether we like it or not, it's in, alive and kicking, as one of us. And next year, two more—Cambodia and Laos will join, with the prospect of Myanmar [Burma] joining the bandwagon the following year a distinct reality.

How has Vietnam performed as a freshman in ASEAN? Pretty well, I suppose. But it is not because of last year's momentous entry to ASEAN that Vietnam began performing well. Prior to its joining, lots of foundation work to strengthen the socialist nation's economic structure were performed. The period took about a decade to do. Today, ASEAN countries are among the biggest investors in Vietnam.

But soon after the aging Marxists and Leninists in Hanoi opened its doors to foreign companies and adopted Do Muoi in 1986, the rush of investments did not include those from ASEAN giants. The intrepid Australians, French and other western investors led the way.

Only the lifting of US trade sanctions in 1994 saw the torrent of investments from Singapore and Malaysia, alongside those from Japan, Taiwan, Hong Kong and Korea. By 1995, Asian investors had accounted for nearly two-thirds of investments, and comprised six of every 10 investors.

Today, Vietnam is looking good. Not only has it joined the ASEAN Free Trade Area (AFTA) process. It has also secured development loans from the International Monetary Fund and the World Bank.

Its economy, in terms of Gross Domestic Product (GDP), grew 9.5% last year, the highest ever since 1986. Inflation dropped to 12.7%, thanks to stringent financial and monetary measures, such as selling bonds, strictly controlling compulsory reserves of commercial banks, and stabilizing the exchange rates. Budget deficit was kept at 4.3% of GDP as a result of reduced budget expenses on public investment, and also the elimination of subsidies for losing enterprises.

And, thanks or no thanks to its membership in ASEAN, Vietnam's growth is expected to accelerate. Analysts estimate its growth to speed up a notch faster this year at 9.6% and 9.7 next year. But the trade off is continuing double-digit inflation which will be kept in check at 12.8%.

Source of growth will still be increases in investment, foreign trade and official development assistance flows, which, again, will push up inflation rates. Standard of living and private income is also going up. Hence there is a surge in private consumption and higher savings. Higher savings could mean that it would be possible in the short term for Vietnam to increase the level of capital from the private sector.

But all is not rosy for Vietnam. Not as yet. There are bottlenecks and hiccups that investors have repeatedly complained about. A Singapore-based equipment leasing company, for example, has said he will have to put up with endless corruption at many levels of bureaucracy before he could set up his operations there.

As a result, he abandoned plans to enter the market, and set up shop in Malaysia instead. He already has a branch office in Bandar Seri Begawan, and another one in Bangkok is expected by the end of the year.

Infrastructure in the countryside is still at pathetic levels, causing companies to shun outlying areas in creating job opportunities for locals.

Also, industrial disputes have been reportedly on the rise. Approvals for some projects have been put on hold. But at least, the recently concluded 8th Party Congress have reaffirmed its commitment to the continuing restructuring of the Vietnamese economy. Do Muoi, we are reassured, is an irreversible process. There will be no changes, a Vietnamese diplomat based in Kuala Lumpur told us.

There is also a need to increase investments from state-owned enterprises and state credit. This implies some expected reorganization from state-owned enterprises. Indeed, despite its problems, Vietnam has come a long way since 1986 when Do Muoi was announced. State enterprises have been reduced from 12,000 to 6,000 but their share of the economic pie has grown.

The question is, do Laos and Cambodia have the same fundamentals to be able to join an increasingly sophisticated ASEAN and hence, AFTA? My feeling and observation is that they are not ready to take the responsibility yet. But as in Vietnam's case, we can extend to them our assistance and guidance on what they have to do to as ASEAN (and hence AFTA) members.

Philippines: Ramos Asks Congress Support on Peace Process

BK2207130196 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 0930 GMT 22 Jul 96

[FBIS Translated Text] President Fidel Ramos today made his fifth state-of-the-nation address at the National Assembly Complex. Let us hear from Grace de la Pena the state of the nation based on the president's assessment. Grace, come in:

[Begin live relay] President Fidel Ramos gave more attention to the problem in Mindanao in his state-of-the-nation address. In his speech, the president invited Congress to support the peace process in Mindanao and the formation of the Southern Philippines Council for Peace and Development [SPCPD], despite the criticisms it is getting.

Ramos said as in any other place in the Philippines, Mindanao also needs peace in order to progress. He stressed it is up to him to decide whether to push through with the SPCPD or not. Here is an excerpt of Ramos's speech:

[Begin Ramos recording] Many voices, pro and con — from Congress, from sectoral leaders, from the media, and from the affected communities themselves — have been heard about our peace process. And I have taken counsel from them. But the decision to go forward rests on me as your president.

To paraphrase an American president: Now there are many, many people who can recommend and advise and a few of them give consent. But there is only one who has been chosen by the people to decide. [applause] [end recording]

Among those who were listening to President Ramos at the session hall were those who were castigating the SPCPD, such as Congresswomen Maria Clara Lobregat and Lualhati Antonino of Mindanao, who were dressed in dark black blouses and skirts to show their objection to the SPCPD. While the president was talking, the two sat on their seats and did not react or applaud.

President Ramos asked Congress to extend his power under the Water Crisis Act, which ended last 15 June. According to Ramos, he needs an extension of the power to solve the water problem, especially in Metro Manila. Included in this power is the power to enter into a contract on water projects without going through the process of a public bidding.

The president also asked Congress to pass the Comprehensive Tax Reform Package to avoid cheating on the payment of taxes.

After his state-of-the-nation address, Ramos went to House Speaker Jose De Venecia's office to deliver to Congress for approval the proposed budget of 476.2 billion pesos for 1997. [end live relay]

Philippines: Ramos Urges Congressional Support for Priority Programs

BK2307084396 Manila MANILA BULLETIN in English 23 Jul 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] President Ramos called on Congress yesterday to pass bills in support of the administration's five priority programs, namely, political stability and national unity, economic and social development, energy development and infrastructure modernization, protection of the environment and natural resources, and energizing the bureaucracy.

In a State of the Nation Address at the opening of the second session of the 10th Congress, the President asked Congress leaders to:

1. Pass the Environmental Code still pending in the two chambers and the National Land Use bill

2. Consider carefully the explicit anti-poverty provisions of the 1997 National Budget of P[peso]476.2 billion.

3. Pass the long-waited proposed fisheries Code, the bill on ancestral domain, the repeal of presidential Decree 722 which would decriminalize squatting and address the issues regarding the resettlement of the urban poor.

4. Pass the comprehensive juvenile justice system and a total approach against dangerous drugs.

5. Avoid delaying action on the pending bills modernizing the Philippine National Police (PNP) and the Armed Forces of the Philippines (AFP).

6. Reopen the application period for amnesty to cover all categories of rebels.

7. Support him in the last step towards achieving peace and development in the Southern Philippines;

8. Speed up congressional action on the Comprehensive Tax Reform Package (CTRP).

Mr. Ramos said a solid breakthrough in the peace and development efforts has been made with erstwhile military rebels being reintegrated into civil society.

"Within two years, I am confident we shall leave our country and people a legacy of social cohesion and political unity—on which future governments can build greater national capacity, stability, and prosperity for all Filipinos," he said.

He added that the Davao City concensus with the Moro National Liberation Front (MNLF) which envisioned 14 southern provinces and the cities therein brought into a special zone of peace and development with a Southern Philippines Council for Peace and Development (SPCPD) to promote it, moves the government closer towards the resolution of the conflict that has cost more than 120,000 lives and the dislocation of others during the past 27 years.

The president emphasized that the proposed SPCPD formula will not establish a new area of autonomy in Mindanao and is a transitory administrative arm under the control and supervision of the President.

He also said the new area of autonomy, after Congress has amended the Organic Act of the Autonomous Region of Muslim Mindanao (ARMM), will include only those provinces and cities which vote to join it in a plebiscite to be called for the purpose."

"Peace is a process and it must be carefully nurtured,"he said.

He asked for Congress' confidence and steady support in the final step of giving peace for giving peace and development a chance to work in the Southern Philippines.

President Ramos urged Congress leaders to act now on economic measures he has commended to legislature since July 1995 and to repeal the remaining laws that still limit economic growth and deny consumer access to quality goods at lower prices.

On the call for urgent congressional action on the CTRP, he stressed that the measure is the cornerstone of the government's effort to put the Filipino house in order and to gear up the economy for the coming era of free trade.

He underscored the need for the simplification of the country's tax system to broaden its base, lower its rates, making to economically efficient and socially equitable and remove from it areas of discretion that all too often lead to evasion and corruption.

The president also called for the restructuring of the social insurance schemes and their applications to health, housing, education.

Mr. Ramos said he has ordered an in-depth study of a national provident fund system—possibly consolidating the Social Security System, the Government Service Insurance System, and others into one, and moving the entire combination towards private enterprise.

In the country's transition from a regulatory to a developmental state, the president urged non-stop efforts towards a more disciplined, cohesive and convergent bureaucracy to make the civil service an effective instrument of the modern state.

"We must improve government services to the people by cutting bureaucratic red tape," he said.

For a justice system that really works, the president called for an increase in the number of Metropolitan Trial Courts and prosecutors and the upgrading of the salaries of lower-court judges and of the prosecution service to make their pay commensurate with their workload.

President Ramos also called for reforms in the country's political system so it can keep pace with economic modernization.

"Generally, we need to keep down the violence, the vote-buying, and the cheating that still characterize or electoral process," he urged.

He asked Congress to speed up the passage of bills which would prohibit political dynasties and which would authorize absentee voting.

The president also stressed the need to shorten the regulamentary periods for tribunals that decide electoral protests.

In the drive against crime, Mr. Ramos said the government has made progress in reducing crime incidence, in improving crime-fighting capabilities of law enforcers and in fighting violent crimes.

However, he stressed that there is no longer any reason to delay action on the pending bills modernizing the PNP and the AFP.

On the country's hosting of the Asia-Pacific Economic Cooperation (APEC) meeting in November this year, the president said it will have great significance for the people in terms of new jobs, higher income, and opportunities for technology transfer and market access in an interdependent Asia-Pacific.

Philippines: Ramos 'State of the Nation' Address Draws Mixed Reactions

BK2307084496 Manila BUSINESS WORLD in English 23 Jul 96

[Unattributed report — received via Internet]

[FBIS Transcribed Excerpt] President Ramos's State-of-the-Nation Address (SONA) yesterday drew mixed reactions from congressional leaders, government officials and the private sector.

Commendations abound, but not surprisingly Mr. Ramos also attracted criticisms as well as downright slurs for allegedly "neglecting" certain issues and "overestimating" government accomplishments.

Minority leaders in both houses of Congress led critics who failed to see anything new in the president's address.

Senate minority leader Edgardo Angara and House minority leader Ronaldo Zamora also noted a "creeping sense of authoritarianism" in the speech.

This is when the Chief Executive asserted that "there is only one who has been chosen by the people to decide" on the fate of the Southern Philippines Council Peace and Development (SPCPD).

"He forgot that this is a government of shared power and he cannot solve problems unilaterally," Mr. Angara said.

Senator Miriam Defensor-Santiago, meanwhile, said Mr. Ramos's SONA is baseless.

"His report is not based on truth," she said. "All the things happening at present are very different from what he said today... just look at the people outside. Why are they protesting?" she asked.

Makati Rep. Joker Arroyo also scored Mr. Ramos' insistence on getting his way with regard to the SPCPD. "In 1992, President Ramos brought us to the promise land. In 1993, he brought us to dreamland. In 1994, he brought us to fantasy land. In 1995, he brought us to enchanted land. Now he has brought us to Misuari land," he said.

Not everyone concurs with such criticisms, however.

Good Speech [subhead]

It was a good speech, chorused Vice-President Joseph Estrada and other Cabinet members.

Economic Planning Secretary Cielito Habito also expressed optimism the government can meet the commitments made by Mr. Ramos especially with Congress's promise to cooperate with the Executive. He also stressed the need for Congress to prioritize measures such as the comprehensive tax reform package (CTRP).

Finance Secretary Roberto de Ocampo said the SONA was "very presidential," a speech of leadership. "I think that the priority was very clearly spelled out. It didn't seem to me that there was a change in priorities," he said.

Meanwhile, the SPCPD plan is viewed by businessmen as a positive development. Federation of Philippine Industries (FPI) president Raul Concepcion said this was the "general sentiment of the private sector."

"That (SPCPD) is very important. It will show that we have political stability in Mindanao. We have to support that. The general sentiment of the business community is when we bring in (Nur) Misuari to the fold, he has to follow the rules of the game. We have to commend the president for that," he said.

On legislative measures, Mr. Concepcion said the CTRP must be accorded "the highest priority" by Congress. "We need recurring revenues. If not, we will create problems for the economy."

Other measures noted by Mr. Ramos in his SONA, including electoral, judicial and bureaucratic reforms, were "too general," he said. [passage omitted on continued opposition of several legislators against the SPCPD; protest rallies held by around 500 people]

Philippines: OIC Lauds Ramos, Misuari for Resolving Mindanao Conflict

BK2307073696 Manila MANILA BULLETIN in English 23 Jul 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] The 52-member Organization of Islamic Conference (OIC), which groups Arab and Muslim countries, has paid tribute to President Ramos and Moro National Liberation Front (MNLF) Chairman Nur Misuari for finding a creative formula in resolving the Mindanao conflict.

OIC Secretary General Dr. Hamid al-Gabid, speaking for the OIC, a mediator in the government-MNLF peace talks, renewed the group's determination "to continue working with both parties in southern Philippines for ushering in a new era of peace, prosperity, and development for the Muslim brothers and for all other citizens in that part of the world."

Al-Gabid cited the MNLF leadership for deciding to join in the 9 September election in the Autonomous Region in Muslim Mindanao (ARMM) where Misuari is the government party's official candidate for governor.

He said he hopes that the MNLF's "historic decision" will strengthen the mutual confidence of the brotherly people in Mindanao "and help fulfill their common desire to achieve a just, honorable and lasting solution through peaceful means to the decades-old conflict in Mindanao."

The OIC secretary general cited the president's and the MNLF chieftain's successful efforts in ending the conflict in Mindanao where at least 50,000 have died.

"The OIC secretary general reiterates his sincere thanks, and pays a glowing tribute, to President Ramos of the

Philippines and MNLF Chairman Nur Misuari for their sustained efforts, flexibility, and dynamism in seeking creative solutions to the difficult issues to attain peace in the region," the statement said.

Al-Gabid expressed "his earnest desire" that the alliance between the Lakas [Power of the Nation]-NUCD [National Union of Christian Democrats]-UMDP [Union of Muslim Democrats of the Philippines] and the MNLF would speed up the "achievement of the final peace agreement between the MNLF and the Philippine Government for which the OIC and its member states have been striving since the signing of the Tripoli Agreement in 1976."

In a related development, Representative Ali Pangalian Balindong (Lakas, Lanao del Sur) challenged critics of the proposed Mindanao transitory structure or Southern Philippines Council for Peace and Development (SPCPD) to come out with an alternative formula that will end the Mindanao problem.

Balindong also appealed for sobriety as he cautioned that adverse reactions against the creation of the SPCPD will give the impression that government is speaking with "conflicting voices."

"Instead of digging up old sectarian prejudices and raising unfounded fears, critics of the council should offer an alternative formula that will address the demand of the MNLF for real autonomy as envisioned in the Tripoli Agreement," the Lanao lawmaker said.

Thailand

Thailand: SLORC's Use of ASEAN To Seek Broad Credibility Noted

BK2007114096 Bangkok THE NATION in English 20 Jul 96 p A4

[Editorial: "A Recalcitrant SLORC Could Shame ASEAN"]

[FBIS Transcribed Text] Burma will be admitted formally today as an ASEAN observer at the grouping's ministerial meeting in Indonesia, despite concerns over continuing human rights abuses and the stifling of democracy in the country. The granting of observer status is a prelude to Burma becoming a full member of ASEAN in 1998.

Speaking after the ASEAN Standing Committee Meeting in Jakarta, Indonesian Foreign Minister Ali Alatas said ASEAN did not believe economic sanctions would bring democracy to Burma, once again showing the regional groupings determination to overcome attempts by the US and the European Union [EU] to isolate the ruling junta known as the SLORC (State law and Order Restoration Council).

Also, ASEAN officials in Jakarta have made it clear there would be no rethink on ASEAN's policy of constructive engagement with Burma. One official even went as far as to say "ASEAN cannot be changing its policy on constructive engagement each time there is pressure."

On Thursday, Alatas voicing his irritation, lashed out at reporters as Burma had become the main topic of all his meetings with journalists, sidelining all regional economic matters to be discussed over the weekend? "What's happening in Burma is an internal matter and, therefore, ASEAN members will not comment or interfere. I would like to appeal to all of you (the media): Don't make Myanmar (Burma) the headline of the ASEAN Ministerial Meeting. It's not fair," he pleaded.

But whether Alatas likes it or not, Burma has indeed become a headline in Jakarta haunting the ASEAN ministers. And this has become so because of strong calls made by the EU to ASEAN to rethink its constructive engagement policy with the junta.

On Monday, a meeting of the EU heard calls from Denmark for economic sanctions against Burma but did not come up with any decisions. But the EU presidency issued a statement expressing deep concern at the continuing deterioration of the political situation in Burma. Europeans were particularly angered by the death in custody in Burma of James Nichols, who served as honorary consul there for several European nations and was also close to Burmese democracy leader and Nobel laureate Aung San Suu Kyi.

Also in Paris, shares in the French energy group Total fell sharply on Thursday amid concerns about the company's involvement in Burma through the Yadana gas pipeline project. Human rights groups and environmentalists have pointed out with hard evidence that Burmese men, women and children are being subjected to forced labour on the project.

It is becoming quite clear that the SLORC is using ASEAN to seek international credibility. Membership in the regional grouping will be the first step in making the regime seem legitimate. Also, by being a member of ASEAN, SLORC would be able to take advantage of the regional grouping's unusual principle of non-interference in the internal affairs of other member states and use ASEAN as a bulwark against external attacks.

SLORC wants to be a part of ASEAN because being in the regional grouping would strengthen its position domestically. But the fact of the matter is that the military regime is an occupying force in Burma, having failed to recognise the results of the 1990 elections won overwhelmingly by Suu Kyi's National League for Democracy (NLD).

By all accounts, it should be the NLD representing Burma today in Jakarta instead of a military regime that revels in perpetuating a climate of fear in the country.

ASEAN's economic successes will be nullified if the regional grouping insists on coddling repressive regimes, ignoring the pleas of their own citizenry and the international community. The ASEAN spirit of cooperation must not be relegated to a spirit of cooperating with military generals in turning against their own people.

Dialogue is urgently needed between Burma's pro-democracy movement led by Suu Kyi and the military junta for the sake of national reconciliation. And the sooner ASEAN realises this the better. As ASIAN WALL STREET's roving editor Barry Wain put it in his weekend column, "If ASEAN continues its passive approach, it could end up severely embarrassed by a recalcitrant SLORC."

The many voices of the oppressed in Burma speak eloquently for themselves, but the leaders of ASEAN have chosen to remain deaf to them.

"We have to condemn publicly the very idea that people have the right to repress others. When we neither punish nor reproach evildoers, we are not simply protecting their trivial old age, we are thereby ring the foundations of justice from beneath new generations," writes Alexander Solzhenitsyn in his seminal work "Gulag Archipelago."

ASEAN must not be seen as party to the heinous crime of destroying Burma's future generations for the sake of quick profits. The Burmese have shown that their will to endure years of brutalising treatment remains unbroken. The least that ASEAN can do now is to respect their wishes and put Burma's membership in the regional grouping on hold until the junta initiates dialogue with Aung San Suu Kyi and recognizes the results of the 1990 elections.

Bangkok, Singapore Agree To Expand Defense Cooperation

BK2307085696 Singapore THE STRAITS TIMES in English 23 Jul 96

[Report by Dominic Nathan in Bangkok—received via Internet]

[FBIS Transcribed Text] Thailand and Singapore have agreed to expand bilateral defense ties and explore new areas of cooperation between the defense industries of the two countries.

The defense ministers of the two countries said this yesterday after holding discussions at the Defense Ministry here yesterday.

Deputy Prime Minister and Defense Minister Tony Tan called on his Thai counterpart, General Chawalit Yongchaiyut, on the first day of his three-day visit to Thailand.

Dr. Tan said: "Singapore has a special and enduring defense relationship with Thailand. Over the years, bilateral defense cooperation has developed to encompass a wide range of activities."

Training in Thailand, which began about 17 years ago, has progressed significantly. Dr. Tan said Singapore was grateful to Thailand for allowing the Singapore Armed Forces to use its facilities.

The two armed forces now held regular joint training and bilateral exercises, and these had expanded in scope and depth, he added. For example, the Royal Thai Navy and the Republic of Singapore Navy will hold their 10th bilateral naval exercise, Ex Sing Siam, starting Thursday. Dr. Tan said that from this year, the exercise would be held once every two years instead of once in three years and would also include new naval serials.

A Junior Naval Officers' Exchange Program would also be started to allow officers from the two navies to learn more about each other's organization, activities and training methods, as well as about each other's country and culture. The two armies will also start a series of bilateral exercises which will be conducted in both countries.

And as for the air forces, Dr. Tan said a joint Safety Exchange Program would be started. It would be a working level arrangement for the exchange of information on safety-related matters of common interest.

"All these initiatives will, besides enhancing the professionalism and capability of the two armed forces, allow the officers and men to develop their understanding and rapport with each other, and in the process strengthen the already strong bonds between the two armed forces," said Dr. Tan.

Turning to cooperation between the countries' defense industry establishments, he said he discussed with General Chawalit the possibility of working together on upgrading equipment. This would include looking at projects like the 40 mm gun, the automatic grenade launcher and signals or military communication equipment.

General Chawalit said that Dr. Tan's visit was very successful and important to the close defense cooperation between the two countries. The review of existing arrangements and the new initiatives announced would not only strengthen ties, but also the common objective of ensuring peace and stability in the region.

It was a view shared by Dr. Tan. He said: "Singapore and Thailand both believe that building up our bilateral defense relationships also contributes to the strengthening of the web of defense relations which binds the countries in our region."

As for the possible joint ventures in defense industry projects, General Chawalit said it came at a time when the Thai army was undergoing a major review of its force structure. New strategies, doctrines and tactics were being developed for a more mobile force with greater emphasis on combined arms and enhanced field communications.

General Chawalit's discussions with Dr Tan lasted about 30 minutes. Before this, Dr. Tan inspected a guard-of-honor at the ministry.

Today, he is expected to visit the Royal Thai Army's 2nd Cavalry Division before being hosted to dinner by General Chawalit at the Regent Hotel here. On Wednesday, he will call on Thai Prime Minister Banhan Sinlapa-acha before returning to Singapore.

This is the fourth Asean capital Dr Tan has visited in his introductory round of visits as Defense Minister. His earlier trips were to Indonesia, Malaysia and Brunei.

Thailand: Anti-Money Laundering Bill Viewed

BK2207123596 Bangkok SIAM RAT in Thai
21 Jul 96 p 12

[Article by Thai Farmers Research Center Company Limited: "Anti-Money Laundering Law: Economic Crime Suppression — International Fraud Prevention"]

[FBIS Translated Text] Money laundering is a type of controversial economic crime. In late 1996, the United States accused Thailand of being one of the 17 countries where money laundering activities were the greatest, especially the money generated from drug trafficking. Although Thailand is considered as one of the countries that have extended good cooperation on drug suppression, the United States wants Thailand to enact an anti-money laundering law. On 2 July 1996, the cabinet approved a draft bill called the "Act on the Prevention and Suppression of Hidden Assets Related to Wrongdoings." The anti-money laundering bill is designed to suppress and prevent money laundering by people involved in the drug trafficking-related business. In principle, the legislation gives more power to authorities in preventing and suppressing economic crimes and related business and activities. The bill enables authorities to impound suspicious assets and requires financial institutes to give information to authorities.

Money Laundering

General speaking, money laundering is a process of concealing and purifying illicit assets, or making it difficult for authorities to prove that the assets are generated through illegal means. In money laundering, illicit money or assets will be channeled into the legal system so that it will be difficult for authorities to prove that the money or the assets are generated from illegal business.

The Sources of Illicit Money

There are several sources of gaining money from illegal trade or activities, such as:

1. Drug trafficking. A study by Chulalongkon University's Economic Politics Study Center estimates drug trafficking in Thailand to be worth about 100 billion baht annually. The amount is on the rise. Not only Thailand but all countries in world are faced with such a problem.

The Golden Triangle is a major opium and heroin producing source. It is believed that about 60 percent of the heroin smuggled into the United States comes from the Golden Triangle. Although Thailand has a small production base, it is a major drug trafficking source because Thailand is a transit point for opium from Laos and Burma to foreign countries. Heroin may be shipped through Thailand to foreign buyers directly, or may be transited to other countries first, for example, Malaysia, and Hong Kong.

2. Domestic prostitution. The prostitution trade in the country is estimated to be worth between 200 to 500 billion baht annually.

3. Cross border prostitution and labor smuggling, which are estimated to be between 70 to 80 billion baht annually.

4. Arms smuggling, which is worth between 13 to 60 billion baht annually. At present, arms smuggling has been increasingly linked to drug trafficking activities because drug deals have been done either with cash or by bartering for weapons.

5. Fraud or cheating money from the people, such as operating chit funds and tricking people to invest in businesses that cannot generate a profit.

6. Other sources such as illegal gambling, and bribes.

Individuals Involved in Money Laundering

A study by Chulalongkon University's Economic Politics Study Center shows that those involved in money laundering include businessmen, politicians, policemen, military officers, and the general public. Money laundering activities have always been carried out by syndicates. In particular, international money launderers always have a complicated network linking several countries. Money laundering activities in Thailand have not only been carried out by Thai nationals but also by foreigners.

Major Sources of Money Laundering

Major foreign places for money laundering are the Cayman Island, the Bahamas, the Caribbean Islands, the Isle and Man, and Switzerland. In Thailand, the major areas for money laundering are in the northern part or in the upper northeastern part, such as in Mae Hong Son, Chiang Rai, Chiang Mai, Phrae, Nan, and Tak provinces.

Patterns of Money Laundering

1. Depositing the money in commercial banks, which is a most popular method of money laundering. Depositors like to use assumed or false names in opening bank accounts in order to prevent officials from finding out about the real owners of the money.

2. Using the money to buy real property or assets that can be turned to cash quickly. Most of the deals will be done with cash, instead of using cheques, so that no evidence will be left.

3. Investing the money in front companies or using the money to buy companies in tax-free foreign countries. Most of such business can be managed easily and earn high profits quickly. The illicit money will be sent to operate the companies set up for money laundering. Another way of money laundering is giving loans to their own business or selling goods to their own companies abroad at exorbitant prices so that the money can be sent back to the country.

4. Investing the money in businesses that are short of funds or in loss-ridden business and letting those businesses earn an income in cash.

5. Investing the money in the stock market, especially when the stock marketing is booming, so that large amounts of investment will not be detected easily.

6. Investing in commercial papers, such as bonds or bills of exchange.

7. Sending the money out of the country by cash or by transferring through financial institutes, which can be done easily in countries that do not have strict measures or a system to control money inflows and outflows or whose officials can be bribed easily to facilitate money transfers.

The Major Causes of the Proliferation of Economic Crime in Thailand

1. Thailand does not have any law that can effectively prevent and suppress money laundering. At present, there are only two legislations that are directly dealing with the problem.

-The Antinarcotics Act of B.E. 2534.

-The Act on International Cooperation in Crime Suppression of B.E. 2535. The legislation promotes international cooperation on the exchange of information for the prevention and suppression of crimes, including drug trafficking activities.

However, there are many loopholes in the Antinarcotics Act that obstruct the suppression of narcotics trafficking down to its roots. For example, the law does not give the power to the authorities to probe into suspicious businesses or impound assets that are suspected to be related to illicit activities.

Official control of the operation of financial institutes, including measures to curb their risky operations and regulate the flow of money out of the country, can help prevent money laundering only to a certain level.

2. The disparity of income distribution in society has increased despite the country's high rate of economic growth.

3. The rapid development of technologies has made money laundering more complicated and hard to detect.

4. The ineffectiveness of the system used to control the performance of Thai Government officials and politicians is conducive to the abuse of power for personal gain.

5. Financial liberalization facilitates the movement of capital funds in and out of the country and constitutes an easy channel for money laundering.

6. The law allows financial institutes and commercial banks to protect identities of their customers.

The Essence of the Anti-Money Laundering Law

For the time being, Thailand is not a member of any agency or international organization nor has it signed any agreement with any country for the suppression of money laundering. As yet, there is no specific law to deal with this crime. However, on 2 July, the cabinet approved in principle a draft bill for the prevention and suppression of any concealment of or change in assets that are related to illicit activities. The enforcement of such a legislation will be more conducive to the suppression of economic crimes and the prosecution of related business activities. The law will also allow the authorities to impound the assets of any business suspected to be engaged in illicit activities.

The draft anti-money laundering bill that was approved by the cabinet was designed to concentrate on narcotics suppression and give the power to the Office of the Management of Information on the Concealment and Change of Assets Related to Wrongdoings to carry out the following duties:

1. Monitor suspicious transactions and business activities and issue notarization certificates for financial institutes.

2. Follow up and examine assets related to wrongdoings.
3. Instruct financial institutes to suspend or cancel questionable transactions.
4. Determine the legitimacy of assets.
5. Gather documents and evidence necessary for further examination.
6. Provide witnesses and evidence for the prosecution of wrongdoers.
7. Provide witnesses and evidence for public prosecutors for the investigation into and examination of questionable assets and transactions.

The law also empowers the authorities concerned to summon officials of financial institutes, government agencies, state enterprises, and individuals for interrogation and force them to submit documents or account records for examination. The authorities are empowered to enter and search houses, buildings, and vehicles for hidden assets or documents or other materials related to wrongdoing in the daytime and at night if they deem it necessary to take swift action to prevent the wanted documents or materials from being moved.

Authorities can request the civil court for permission to gain accesses to clients' account books in financial institutes, communication equipment or computers that have been used or might have been used for illicit transactions and related commercial papers or documents. They also have the power to obtain information regarding communications between individuals via communications equipment and access to information in computers.

The draft bill stipulates the duties of financial institutes and individuals concerned as follows:

1. Financial institutes are required to instruct their employees to provide them with identification, including addresses, prior to processing every transaction in accordance with the ministerial regulation.

2. Employees of financial institutes are required to keep record of every transaction whose value exceeds the amount set by the ministerial regulation or any transactions that are suspiciously related to wrongdoing.

If a client refuses to make a record, financial institutes are allowed to continue to process the transaction and immediately inform the authority.

3. Financial institutes are required to retain the transaction records for a period of five years after the closure accounts of clients or after the severance of contact with clients unless they have received written instruction from the authority to do otherwise.

4. Financial institutes are required to inform the authority of any transaction whose value exceeds the amount set by the ministerial regulation or transactions they suspect of being involved with illicit business activities.

5. Individuals who are in charge of supervising, overseeing, or advising the transactions involving the transfer of capital funds (e.g. officials of the Bank of Thailand) must report to the authority about any money or assets that they suspect are connected with illicit business activities.

6. Land offices are required to report the legal contracts on the sale or purchase of land whose value exceeds the amount set by the ministerial regulation.

As for the United States, the anti-money laundering law, or the so-called "Bank Secrecy Act" [preceding three words published in English], emphasizes measures applied to the banking system, because the money to be laundered must at least flow through financial institutes. Bank records provide the major clues that can lead to the origin of illegal money. Commercial banks are required to report the origin of the money of clients to the U.S. Department of the Treasury [preceding seven words published in English] for withdrawals, deposits, orders of the payment, and exchanges or transfers of any amount exceeding $10,000 within 15 days after the transactions are made. This rule is also applied to the transfer by air or sea mail of money or financial papers exceeding $10,000. In most cases, responsible government agencies must be informed of the sending of money out of or into the country.

The Impact of the Anti-Money Laundering Law

The application of the anti-money laundering law will affect attempts by criminals to launder money and to a degree will impact on other people connected, be they financial institutions or their customers.

The money laundering process carried out by large criminal organizations involves large expenses, but the benefits they receive are worth many times more. Most of the laundered money usually flows back to illicit businesses. Therefore, having an anti-money laundering law empowers the officials and agencies concerned to examine activities that may be related to money laundering; this in turn helps prevent and suppress easy laundering and helps government officials to gather evidence for prosecution.

An anti-money laundering law should make money laundering more difficult, since it is tantamount to increasing the costs for operators of illegal businesses, and should reduce crime. That is, an anti-money laundering law should make the cost of operating illegal businesses higher and should drive up the price of illegal products and services. Base on economic principles, this should reduce society's consumption of illegal products and services.

Although the prevention of money laundering may affect transactions in the country's financial center. It may cause customers who have no intention of laundering money but have no desire to disclose their assets to move their assets out of the financial system to countries that have lax controls. Or they may turn to use the services of financial centers that do not apply anti-money laundering law. But international cooperation will grow in importance and will expand from economic matters to issues involving social problems and transnational crimes. It will be difficult for Thailand to avoid cooperation with other countries to tackle money laundering, particularly as the countries that are regional financial centers, such as Hong Kong, Singapore, Japan, and Malaysia, already have anti-money laundering laws.

Although use of an anti-money laundering law will increase the operating expenses of commercial banks and financial institutions, as they will have to report financial transactions to the authorities and keep financial records, and they will probably have to adjust their working systems to comply with the required measures, it is thought that the impact on the financial institutions should not be excessive. This is because financial institutions now already have methods to screen and check the transfer of money by their customers. An increased burden in filing reports, keeping financial records, and verifying the identity of customers to provide more details for the sake of improved operational clarity will also benefit the financial institutions themselves.

In any event, by having to provide information on customers' financial transactions to the authorities as required by the anti-money laundering law, the commercial banks and financial institutions will want to protect their reputations and image in the eyes of the general public. In other words, such institutions will probably not want the authorities to disclose their names to the public or the mass media, regardless of whether their customers are subsequently proved to be involved or not involved in crime. This means that the authority drafting the law should consider protecting the reputation of financial institutions and commercial banks that cooperate in supplying information.

Views Regarding Operational Practices

In short, The Thai Farmers Research Center believes that in principle, it is good to have an anti-money laundering law, and the state should campaign for it so that it can serve as a tool to reduce crime in Thai society. It also demonstrates the clear intention of Thailand to join the international community in tackling transnational crime. However, in practice the authorities should be aware of the following:

First, money laundering can be done in various ways and could involve other government institutions, such as the Customs Department (in cases where the laundering is concealed in the form of the export or import of goods) and the Commerce Ministry (in cases where the laundering is concealed by the establishment of front businesses). Therefore, to effectively suppress money laundering, the unit concerned with this task should receive information relating to international trade or the establishment of businesses that can be involved with those government agencies, such as the Customs Department and the Commerce Ministry. The information should be received on a periodical basis [two preceding words published in English] in a continued and regular manner, in addition to the information supplied by commercial banks and financial institutions regarding customers' business transactions. Therefore, it can be said that the success against money laundering depends in part on setting up an official database that includes information supplied in a continued and systematic manner by commercial institutions and other agencies.

In addition, the details and operational measures of the anti-money laundering law should be considered carefully. For example, care must be taken so that the law does not violate the rights of an individual and loopholes are not present that provide an opportunity for officials to use available information to gain business advantage or to cause damage to people and the overall economy. In applying the anti-money laundering law, measures should be available to the suspect to prove his innocence without delay. Loss does not have to occurred before a case goes to trial for the claiming of damages. That is, the unit responsible for money laundering prevention should have a mechanism or regulations to take action to protect an individual or an institution from damage caused by officially acquired information. Otherwise, the anti-money laundering law could be used to destroy the reputations of innocent people or cause the image of the financial institution that supplied the information to be tarnished in the eyes of the public. To have a punishment clause (such as Article 30) may not be enough to guarantee confidentiality and the integrity of the user of the information in question.

In short, as far as the efforts of the state to suppress and prevent crime and the image of the country as part of the international community are concerned it is good to have an anti-money laundering law. Moreover, the commercial banks and financial institutions will be able to play a greater role in helping society to tackle money laundering and other crimes.

In any event, to prevent money laundering, the authorities should have a system to protect the confidentiality of information supplied by commercial banks and financial institutions to prevent such information from having a negative impact on an individual or institution. Even though commercial banks and financial institutions want to cooperate fully with the authorities, the authorities should have a mechanism to control the use or disclosure of information to protect the reputation and image of the supplying institution in the eyes of the public.

Moreover, since money laundering can be carried out in many forms and does not appear instantly as a financial transaction through financial institutions (such as in the form of international trade), the establishment of a system to gather information concerning other economic transactions that could be connected with money laundering should help to more effectively prevent money laundering, more so than waiting until money laundering enters the system of the financial institutions before the collection of information is begun.

Thailand: Groups Planned To Address Economic Issues

BK2307070996 Bangkok THE NATION in English 23 Jul 96 pp B1, B2

[Unattributed report]

[FBIS Transcribed Text] The Banhan administration will set up four economic working groups in its latest attempt to tackle troubling economic issues such as the current-account deficit.

The groups will concentrate on the following areas—tax-related matters, infrastructure development, raw materials and trade talks —as well as having to address hindrances to the export sector and set deadlines for when the problems should be terminated, according to the Economic Stabilisation and Security Policy Committee's spokesman M.R. [Mom Ratchawong—royal title] Pridiyathon Thewakun.

The National Economic and Social Development Board [NESDB] is tasked to find qualified people by Aug 5, when the second meeting of the committee is scheduled. The working groups must by then have come up with ideas about what problems to tackle and how long they will take to be eliminated.

"Strategies will be ready for implementation within a month. This will also test the leadership of Prime Minister Banhan Sinlapa-acha. We told him he has to exercise his power to tell us how to tackle the problems and to speed up the remedial measures," Pridiyathon said.

The decision came after the committee meeting yesterday, in which the current-account deficit topped the agenda followed by concerns about inflation. The deficit appears to be a major obstacle unlikely to drop below the 1995 level of 8.1 per cent due mainly to a huge 430-billion trade deficit.

The deficit is now considered a key factor eroding investor confidence. The declining confidence is marked by heavy selling of Thai stocks by foreign investors. Over the past several trading days, they have turned from net buyers during the first six months of the year to net sellers.

A main victim has been the Stock Exchange of Thailand, which has now fallen below the 1,200 level.

Meanwhile, inflation has been falling since June, when the consumer price index fell to 5.5 per cent. The government is confident that it can maintain the level for the rest of the year, he said.

In contrast, the current-account deficit remains a threat, especially with the country's imports expected to outpace exports by Bt430 billion for the year because of lower than expected performance of labour intensive exports—mainly garments, Pridiyathon said. The committee's export target this year is Bt [Thai baht] 1.6 trillion against imports of Bt2.4 trillion. Both figures represent a 15 per cent increase from last year.

The export figures show a remarkable drop of Bt50 billion from the earlier target of Bt1.66 trillion, a hoped for 18 per cent increase.

Commerce Ministry officials clarified that the 18 per cent target was based on eight month export figures last year, when the officials thought exports for the year would hit Bt1.36 trillion while they actually reached Bt1.41 trillion.

Kroek-krai Chiraphaet, director-general of the Business Economics Department, said Thailand might not repeat 1995's export growth of around 20 per cent.

In the first five months of this year, the export value grew by only 7.1 per cent largely due to the drop in traditional Thai primary exports such as farm goods, frozen shrimp and chicken.

He said Thailand has suffered from sluggish export performance so far this year because local exporters are in a transitional period with no choice but to upgrade the quality of their products. However, this cannot be achieved overnight.

Thailand is also facing strong competition from emerging countries such as China and its key export markets are likely to expand at lower rates.

Currently, Thailand earns the largest proportion of its export income from electronic products. Although they are the largest income generator, electronic products, the rising star among Thai exports, have been unable to fill the trade deficit and during this transitional period when electronic products are replacing labour-intensive industries new ideas will have to be found to smooth the process, he said.

Despite the stubborn current account deficit, Pridiyathon insisted Thailand will have a soft landing due to the huge net capital inflows, which topped 8.5 per cent of GDP during 1992-1994 and 13.3 percent in 1995. This year, the inflows are forecast at 8.5-9 per cent of GDP. The 8.1-8.2 per cent current account deficit drew disagreement from Finance Minister Bodi Chunnanon, who said the deficit will be brought below 8 per cent this year.

Bodi implied that the contrasting figures might result from the different information bases of key economic agencies such as the NESDB, the Bank of Thailand, the Finance Ministry and the Thailand Development Research Institute.

Thailand: Chawalit Criticizes Democrat Leader Over Military Budget

BK2007105596 Bangkok THE NATION in English 20 Jul 96 pp A1,A3

[Unattributed report]

[FBIS Transcribed Text] Tension between the military and the Democrat Party over the budgets for the armed forces intensified yesterday when Defence Minister Chawalit Yongchaiyut accused the Democrats of always causing a national rift.

Chawalit's outburst came after Democrat leader Chuan Likphai on Thursday said some military officers could never change and simply think they are untouchable. The defence minister's comment yesterday infuriated the Democrats, who accused him of intending to drive a wedge between them and the military.

After a Defence Council meeting yesterday, Gen. Chawalit said the military is more democratic than politicians who boasted they were democratic.

He said he has asked military legal experts and the concerned agencies to determine whether or not it would violate the law if the commanders-in-chief of the armed forces do not defend their budgets at House budget scrutiny committee meetings.

But the Democrats argued that the budget panel had the authority to summon people who are not lawmakers, in particular government officials, to appear before the committee.

The Democrats have demanded the commanders-in-chief offer explanations about their budgets, but the Defence Ministry assigned its permanent secretary and chiefs-of-staff of the armed forces to defend the military's budget requests at a committee meeting this week.

The absence of the commanders-in-chief prompted four Democrats to walk out of the meeting. Military leaders and Democrats have since exchanged words.

The Democrats have claimed that Chawalit last year said the commanders-in-chief would be assigned to defend their 1997 budgets.

Chuan said yesterday that a few days ago he met Chawalit, who admitted that he had made the promise. He said Chawalit made an inappropriate remark when he said soldiers are not dissatisfied with the Democrats.

But Gen. Chawalit said the Defence Ministry had twice formally asked the budget committee whether it would be satisfactory if the chiefs-of-staff, instead of the commanders, were assigned to attend committee meetings. "But they did not reply. Who could know that your idleness was your disagreement?" he said.

Chawalit said yesterday he was checking if the House panel had the authority to order the military commanders-in-chief to defend their budgets.

"You want the commanders to explain their budgets. But I want to ask what authority do you have," said Chawalit, who is also the New Aspiration Party leader.

He suggested that reporters should be allowed to attend budget committee meetings so they could see the behaviour of certain committee members.

"I don't want to say that the words and behaviour of certain committee members towards state officials are not acceptable," the defence minister said, and claimed that when Defence Permanent Secretary Phaibun Emphan attended a committee meeting this week, a committee member said he would give him a lesson.

Chawalit, also deputy prime minister, said the Democrats should not claim that the Defence Ministry used only a four-page document to defend the military budgets. In fact, he claimed, the Defence Ministry had prepared three papers consisting of more than 400 pages.

Apparently referring to the Democrat Party, Chawalit said a political party has always caused a national rift. He said not only military officers but also other government officials felt uncomfortable with the Democrats on the budget committee.

The defence minister said the problem was caused by a person who he called "the wandering old man" — apparently referring to Democrat MP Bunchu Rotchanasathian, who is a committee member.

Supreme Commander Wirot Saengsanit said it would be decided at the next Defence Council meeting whether the commanders-in-chief should appear before the House budget committee.

Bunchu denied he had said he would give Defence Permanent Secretary Phaibun a lesson. He said he and Chawalit were good friends but "recent developments show that Chawalit wants to destroy me, trying to pit me against the soldiers."

He said people, in particular state officials, must appear before House committees if asked and said that this has already been interpreted by legal experts.

Democrat executive Churin Laksanawisit said Chawalit wanted to drive a wedge between the Democrats and the military. He said because the defence minister may be unable to control military officers, he passed the buck to the Democrats.

Thailand: Military Reshuffle Expected To Cause Trouble for Chawalit

BK2207035096 Bangkok BANGKOK POST in English 22 Jul 96 p 1, 3

[Unattributed report]

[FBIS Transcribed Text] Prime Minister Banhan Sinlapa-acha may expel New Aspiration Party [NAP] of Defence Minister Chawalit Yongchaiyut if their intensifying rivalry for control of the Armed Forces through the annual military reshuffle reaches a breaking point.

Coalition sources said Chat Phatthana Party which has 53 Lower House seats has been picked up by the Premier as a political chip to counter Gen. Chawalit's mounting pressure on him to accept the nominees he planned to propose later next month.

All three Armed Forces commanders, the supreme commander, and the permanent secretary of defence are due to retire at the end of September but the friction between the two lies with the position of the Army and Air Force commanders-in-chief.

The sources said Gen. Chawalit shared the view of Army Chief Pramon Phalasin that Deputy Army Commander Chettha Thanacharo be promoted to take up the Army's top job.

However, Mr Banhan and Supreme Commander Gen. Wirot Saengsanit favoured Army Chief of Staff Mongkhon Amphonphisit.

Both candidates belong to Chunlachomklao Academy Class 9 but Gen. Mongkhon appeared to have an advantage over Gen. Chettha in that apart from the backing of Mr Banhan and Gen. Wirot he has also been known to have a close connection with former prime minister Prem Tinsulanon, now a privy councillor who commands a high respect from Mr Banhan.

For the Air Force, Gen. Chawalit supports Air Force Commander-in-Chief M.R. [Mom Ratchawong—royal title] Siriphong Thongyai to promote Chief of Staff Amon Neaowmali while Mr Banhan and Gen. Wirot favoured ACM [Air Chief Marshal] Samat Sotsathit, now Air Force advisory chairman.

Both ACM Amon and ACM Samat are due to retire in September 1997 although academically the latter officer is considered more senior. ACM Amon belongs to the Air Force Academy Class 5 while ACM Samat belongs to Class 3.

ACM Samat once stood a chance to be promoted as Air Force chief but was shifted to the powerless advisory chairman post because of his close relationship with ex-Air Force commander-in-chief Kaset Rotchananin who fell from grace because of the bloody May 1992 incident.

The sources said although Gen. Chawalit appeared to favour Deputy Permanent Secretary Sarawut Maharom in the position of the new Navy chief in place of Adm. Prachet Siridet, he is likely to agree to the recommendation of Adm. Prachet to promote Assistant Navy Chief Wichit Chamnankan instead.

He is also expected to push for his own aide, Deputy Permanent Secretary Yutthasak Sasiprapha to succeed

Gen. Wirot at the Supreme Command headquarters once the candidates of the three Armed Forces are selected.

The sources claimed, however, Gen. Chawalit had anticipated that although as defence minister he has the right to make changes to the annual military reshuffle list, his proposals could be overruled by the Prime Minister in the end.

By tradition, the annual reshuffle list would be drawn up by commanders of the three Armed Forces before it was sent to the Supreme Commander for consideration.

At this point, Gen. Wirot can alter the list proposed by the Armed Forces chiefs.

The sources said Gen. Chawalit can restore the Armed Forces commanders' proposals but again the list can be changed when it reaches the Prime Minister.

The sources claimed Gen. Chawalit had realised this possibility and has been trying to obtain support from the military rank and file to boost his position in the tussle with the Premier.

Gen. Chawalit's open backing of the Armed Forces in their conflict with the Democrat members of the House budget scrutiny committee which demanded top commanders' presence at military budget hearings was just a ploy to win soldiers' heart, the sources claimed.

By having soldiers' behind him, Gen. Chawalit will have more bargaining power when he discussed the military reshuffle with the Premier, it was pointed out.

The sources said, however that it was unlikely that Mr Banhan would yield to Gen. Chawalit in reshuffling the military.

"The Prime Minister is unlikely to accept proposals that are expected to be made by Gen. Chawalit since it is known that the Prime Minister also wanted to have the control over the military through Gen. Wirot," the sources claimed.

Thailand: Party Trends, Military Confrontation Viewed

BK2307132696 Bangkok THAI RAT in Thai 23 Jul 96 p 3

[Column By Chalamkhieo: "Gaining the Upper Hand"]

[FBIS Translated Text] Following the outbreak of the military budget controversy, the Democrat Party looked rather haggard in the past weekend. It is hard to believe that it could be in such bad shape and that it lost the game to General Chawalit Yongchaiyut.

This can be attributed to the lack of a good party strategy. Steered by Bunchu Rotchanasathian and a few inexperienced MP's, the party has now been dragged into a direct confrontation with the whole armed forces.

This is certainly not an ordinary incident.

Having remained silent for a long time since the National Peacekeeping Council debacle, the military top brass are now getting together and talking about the same issue.

Considering the current political situation, many people believe that after Banhan Sinlapa-acha steps down from premiership, his Chat Thai Party will fall into pieces. The Thoet Thai faction will definitely leave the Chat Thai, unless another faction leader Sano Thianthong changes his mind.

The Democrat and New Aspiration Parties are the only two political parties left that are strong enough to compete in the next general election.

General Chawalit Yongchaiyut's New Aspiration Party [NAP] is now very active. It will have the biggest canvassing fund in the next general election because several development projects implemented by the ministries under its control have been successful.

Although the Democrat Party is making much efforts to change direction and extricate itself from the conflict with the military, political analysts believe that the wound is too deep to heal. The military has adopted a clear stance toward the party.

It is a fact that the military cannot influence or dictate the general election. In preparing for the next general election, MP's will party hop and naturally no one will like to be with the party that does not get along with the military.

The NAP of General Chawalit Yongchaiyut has long been launching campaigns to seek new allies. It was the champion in last year's 2 July general election in the northeast.

It's future will be very bright should the next general election take place in the next four months [after the annual military reshuffle in October].

As for the Chat Thai Party, former leader General Praman Adireksan, has been talking seriously about merging his party with the Chat Phatthana Party. The problem which arises now is how the power and spoils will be shared after the merger.

It is the truth that in politics nothing is certain.

It is believed that the house vote after the no-confidence debate will lead to the new turning point in Thai politics.

The Democrat Party can avert this by dropping the no-confidence motion from the agenda of the current house session.

Vietnam

SRV: Do Muoi, Nguyen Manh Cam Receive U.S. Adviser Anthony Lake

BK2307054596 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 12 Jul 96

[FBIS Translated Text] U.S. Presidential National Security Adviser Anthony Lake paid a courtesy call to General Secretary Do Muoi yesterday afternoon, 12 July, in the framework of his visit to our country. His Excellency Anthony Lake respectfully conveyed President Clinton's regards and wishes for good health to General Secretary Do Muoi and pointed out: Over the past year, following the establishment of diplomatic ties, there have been continued encouraging improvements in bilateral relations. He expressed the U.S. Government's desire to contribute to the Vietnamese people's economic development and national construction program based on a spirit of mutual respect. He maintained that U.S.-Vietnamese cooperation would benefit not only the interests of both countries but also stability in the region. He highly valued Vietnam's cooperation in the search for U.S. servicemen missing in action [MIA].

General Secretary Do Muoi welcomed the Vietnam visit by His Excellency Anthony Lake and his delegation, regarding this event as an important contribution to the common efforts to strengthen bilateral ties. He stressed that the Vietnamese people long for peace and stability in order to concentrate on national construction and on the implementation of a foreign policy of openness and cooperation with all countries in the world on the basis of respect for each country's independence and sovereignty and of equality, friendship, cooperation, and development for mutual benefit. He ascertained that, prompted by its humanitarian policy and goodwill, Vietnam will continue to cooperate with the United States in resolving the MIA issue and also in promoting friendship between the two countries to meet the aspirations of the Vietnamese and American peoples and to benefit the trend toward peace and cooperation in the region and other parts of the world. The Vietnamese general secretary availed himself of this opportunity to convey his friendly salutations to President Clinton and to the U.S. Congress, Government and people.

The event marks the first Vietnam visit by His Excellency Anthony Lake in his capacity as U.S. presidential national security adviser following the establishment of diplomatic ties between the two countries.

His Excellency Anthony Lake was accompanied by Winston Lord, under secretary of state; David Johnson, White House assistant press secretary; Sandra Christopher, director for Asian affairs under the U.S. National Security Council; and a number of other U.S. government officials.

The U.S. presidential national security adviser held talks with Foreign Minister Nguyen Manh Cam on the same day. Attending the talks, on the Vietnamese side were Deputy Foreign Minister Vu Khoan and a number of Vietnamese Foreign Ministry officials. On the U.S. side were: Winston Lord, U.S. under secretary of state, U.S. Charge d'Affaires Anderson, and a number of high-ranking officials of the U.S. National Security Council and State Department.

The talks took place in an atmosphere of straightforwardness and mutual respect. The two sides exchanged views on bilateral ties and on other international and regional issues of common concern. Foreign Minister Nguyen Manh Cam confirmed that it is the policy of the Eighth Congress of the Communist Party of Vietnam [CPV] to carry on the renovation undertaking on a higher scale, persist in a policy of independence, sovereignty, and diversification and multilateralization of diplomatic ties with the world nations. He stressed that it is Vietnam's policy to continue strengthening its relations with regional countries and with other countries in the world, including the United States, for the sake of peace, stability, and cooperation for development.

Adviser Anthony Lake pointed out that it is the U.S. Government's desire to see Vietnam become a rich, strong, and stable country and integrate itself into the region and play an active role in maintaining peace, stability, and cooperation there.

The two sides expressed their willingness to close the past and look to the future in order to promote cooperative and friendly ties on the basis of mutual respect and mutual benefit. They unanimously concurred that economic cooperation should be of primary importance and that negotiations should be initiated soon to lay the legal framework for economic and trade ties. They reiterated the desire to continue promoting bilateral cooperation in order to resolve the humanitarian issues left behind by the war, including the MIA issues of the two countries.

In exchanging views on the regional situation, the two sides were delighted to note the trend of peace, stability, and cooperation in Southeast Asia and the Asia-Pacific region. They expressed the desire to contribute to the consolidation of this trend.

The U.S. delegation was received by Deputy Interior Minister Le Minh Huong and Deputy Defense Minister Nguyen Thoi Bung on the same day.

The U.S. delegation is scheduled to leave Hanoi on 13 July for a tour of Danang, Hue, and Ho Chi Minh City.

SRV Army Paper Views Sino-U.S. Relations

BK2307060896 Hanoi QUAN DOI NHAN DAN in Vietnamese 16 Jul 96 p 4

[Article by Quang Loi: "The Uncertain Prospects of a Difficult Relationship"]

[FBIS Translated Text] It seems that because they were no longer able to endure a prolonged state of discontent, Washington and Beijing have made many efforts in the recent past to eliminate a very difficult relationship between the two countries. U.S. Security Adviser Anthony Lake's four-day China visit was part of the preparations for a summit between U.S. President Bill Clinton and Chinese President Jiang Zemin, when the two leaders will attend the upcoming annual regional economic meeting in Manila. If an agreement can be reached, Mr. Clinton may visit China in 1997, and President Jiang Zemin may tour the United States after that. Mr. Anthony Lake held separate meetings with President Jiang Zemin, Premier Li Peng, and the Chinese foreign minister and defense minister.

U.S. Security Adviser Anthony Lake tried to play down China's concern over the recent new U.S.-Japanese security arrangements by pointing out that these arrangements were not directed at any countries. Though both sides maintained that the talks in Beijing at this time were positive and created "a warm atmosphere," they had to admit that differences still remain when it comes to resolving a number of issues, like the Korean Peninsula, nonproliferation of nuclear weapons, human rights, and the future of Taiwan. Nonetheless, both sides stressed that "the United States and China have shared more common interests than differences, and there is no reason to be pessimistic about the future of Sino-U.S. relations."

Once again, the U.S. security adviser's China visit shows that the relationship between these two superpowers is still in a state of uncertainty following a difficult period of time, and an uneasy mood still hangs over future developments. Many Clinton administration officials held that their main geopolitical concern in coming years would not stem from Russia, Bosnia, or the Middle East. They unanimously maintained that the aforementioned difficult international issues would pale in comparison with attempts to control the China factor. Washington has realized more and more clearly that the United States will be unable to satisfactorily resolve many nerve-racking issues in Asia and the rest of the world if China is pushed aside. Being one of the five permanent members of the United Nations Security Council, China can create favorable conditions for or cause obstacles to U.S. foreign policies. Furthermore, China is the focus of the most dynamic economic region in the world, where an average growth rate of 9 percent has been recorded for 15 consecutive years now.

Nevertheless, the two countries have often been plunged into arguments over who should be accountable for the deterioration of bilateral relations over the past several years. The most heated wars of words have often been focused on human rights, trade policies, nonproliferation of nuclear weapons, and the statute on Taiwan. Even in the United States, the manner in which the Clinton administration handles relations with China is now becoming a sensitive issue during the election campaign. Republican party candidate Bob Dole criticized that, when dealing with Beijing, Clinton "showed signs of weakness, lack of determination, double talk, and a lack of transparency and consistency." Two major U.S. policy changes occurred under Clinton. First, a decision was made in 1994 to abolish the use of trade as a weapon to punish China for "human rights violations."

Secondly, last year the U.S. issued an entry visa for Taiwanese President Lee Teng-hui to visit the state. While the State Department noisily protested China's "human rights" record, the Commerce Department asserted that it is a must to make one of the most rapidly-developing markets in the world a safe haven for U.S. exports. Moreover, the Pentagon supported military relations between the U.S. and China, considering them a measure to push China to become more open in their national security institutions. These "limped steps" are directly affecting the strategy of relations with China.

The policymakers in Washington hold that, being the only superpower in the world, the United States has the heavy and challenging mission to lead its former enemies, especially China, into the orbit of the international system with U.S.-created principles. They stress that, in addition to the fact that the economic boom of China is an essential factor that influences the long-term prosperity of the region, the leaders in Beijing can also alter the balance between peace and conflict in the Taiwan issue, the disputes in the East Sea [South China Sea], and other border disputes.

The relationship of these two superpowers has been strenuous and precarious in recent years and has several times come to the brink of a serious downfall. The Clinton administration had to admit that in its relations with China, they did not establish priorities and lacked coordination on a consistent policy. Every week another authorized official would give a statement regarding China, "a free- speaking night at the foreign-policy cafe." As an analyst in Washington put it, all the messages conflict with one another and do not seem to be in any order. Stanley Ross [name as transliterated], who just left the National Security Council for the post of research director of the American Peace Institute, gave the following not-so- optimistic statement: "The best people can hope for is to keep the relationship from being shattered. The reality is that the United States and China are still way apart on many fundamental issues. Policy towards China is doing fine, but not U.S.-Chinese relations. That is the ironic point."

Washington seems to have learned some necessary things from its relationship with Beijing. In the areas where only a few years ago the United States had hastily launched punitive actions, now they condone a more calculated reaction to what they call "violations" by China related to trade and the proliferation of weapons of mass destruction. For instance, the United States decided not to punish China for having sold to Pakistan 5,000 magnet rings that are considered material used to produce nuclear weapon. In a similar way, the noisy and lengthened dispute regarding intellectual property rights is being purposely deflated to prepare for an agreement. Observers say that, for its part, Beijing did not want to confront the United States while it demonstrated its strength in the Taiwanese strait.

Mr. Lake might have felt content over the trip he just completed to build up an atmosphere of "mutual trust". It is considered part of the "strategic dialogue," which strives to prevent all risks that may disrupt U.S.-China relations. Nobody can confirm right now, however, that Washington-Beijing relations will go on smoothly and without differences.

SRV: 'High-Ranking' Military Delegation Departs for PRC

BK2007160696 Hanoi VNA in English
1241 GMT 20 Jul 96

[FBIS Transcribed Text] Hanoi VNA July 20 — A Vietnamese high-ranking military delegation led by Deputy Minister of National Defence Lieutenant Gen. Pham Van Tra has left Hanoi for an official friendship visit to the People's Republic of China.

Lieutenant General Pham Van Tra is also Politburo member of the Communist Party of Vietnam and chief of the General Staff of the Vietnam People's Army.

The visit is made at the invitation of the chief-of-General Staff of the Chinese People's Liberation Army.

SRV Delegation Attends ASEAN Banking Conferences

BK2207083896 Hanoi VNA in English
0712 GMT 22 Jul 96

[FBIS Transcribed Text] Hanoi VNA July 22—An 18-member banking delegation led by Mr. Le Dac Cu, acting general director of the Vietnam Foreign Trade Bank (Vietcombank) and chairman of the Vietnam Bankers' association (VBA) attended the 11th ASEAN Banking Conference and the 26th ASEAN Banking Council (ASEAN BC) held July 18-20 in Singapore.

This is the first time for Vietnam to participate in the conference, held every two years, since the VBA was admitted as the seventh member of the ASEAN BC.

The Vietnamese delegates including leaders of Vietcombank, the Agriculture Bank, the Export-Import Bank, the Construction Investment Bank, the Vung Tau Joint Stock Commercial Bank, and the Joint Stock Maritime Commercial Bank, presented three papers to the conference.

This conference aimed to increase the quality of ASEAN countries' banking activities and limit credit risks .

SRV: French Air Force Delegation on Official Visit

BK2307023696 Hanoi VNA in English
1515 GMT 22 Jul 96

[FBIS Transcribed Text] Hanoi VNA July 22 — A delegation of the Air Force Institute of France led by its rector, Major General Michel Fouquet, paid a visit to Vietnam from July 16-21.

While in Vietnam, the French delegation called on leaders of the general staff, the air force command, and the command of military zone 7. The guests also visited several units of the air force.

The visit helped promote the mutual understanding, and consolidate the friendship between the two peoples and armies in general and the two air forces in particular.

SRV: Bulgarian Assembly Delegates Welcomed by Nong Duc Manh

BK2307025196 Hanoi VNA in English
1511 GMT 22 Jul 96

[FBIS Transcribed Text] Hanoi VNA July 22 — A delegation of Bulgaria's National Assembly led by its chairman, academician Blagovest Sendov, arrived here this afternoon, for a four-day official friendship visit to Vietnam at the invitation of NA [National Assembly] Chairman Nong Duc Manh.

The Bulgarian guests were warmly welcome at the presidential palace by Chairman Manh and other NA senior officials.

Chairman Manh told his guests that the friendship and cooperation between the two national assemblies and peoples have made positive and important contributions to the further development of the fine traditional relations between Vietnam and Bulgaria. He said he hoped that the visit would contribute to the consolidation of the relations, and at the same time usher in a new step of development in the comprehensive cooperation between the two legislatures.

Bulgarian NA Chairman B. Sendov expressed his concern to the building of legal basis for the relations between the two national assemblies, thus promoting multifaceted cooperation between the two national assemblies and peoples. He said that the two countries have seen positive changes in their friendly ties over the past years, particularly cooperation and mutual assistance in personnel training, culture and society. He affirmed that Bulgaria has attached importance to the cooperation with Vietnam, and expressed his belief that the visit would succeed.

SRV: Nguyen Khanh Receives Senegalese Agriculture Minister

BK2307154596 Hanoi VNA in English
1511 GMT 23 Jul 96

[FBIS Transcribed Text] Hanoi VNA July 23 — Deputy Prime Minister [P.M.] Nguyen Khanh received here today visiting Senegalese Agriculture Minister Robert Sagna.

Minister of agriculture and Rural Development Nguyen Cong Tan joined the reception.

Minister Robert Sagna expressed his high appreciation of Vietnam's remarkable step of development in economy. He noted that it's necessary for the two agriculture ministries to exchange experience and transfer technology on the basis of mutual interest.

Deputy P. M. Khanh said that the time-honoured relations between the two countries would be further consolidated and developed and the two ministries' cooperation programme would be implemented soon and broadened to other fields.

Earlier, the host agriculture minister had working sessions with his Senegalese counterpart on issues relalting to the signing of a memorandum of understanding on bilateral cooperation in agriculture in the years to come.

SRV Bank Governor Reports Inflation Rate at 3.3 Percent

BK2207080996 Hanoi VNA in English
0625 GMT 22 Jul 96

[FBIS Transcribed Text] Hanoi VNA July 22—Flexible implementation of banking policies helped curb the inflation rate and stabilise the value of the Vietnamese currency in the first half of this year, the governor of the State Bank of Vietnam said .

The country's inflation rate in the first six months was held to 3.3 percent, the lowest in many years, and this has made the state bank believe that Vietnam will achieve a single-digit inflation rate for the whole year.

The banking sector has creatively and flexibly carried out the state's monetary policies, readjusting the loan interest rates to encourage more investment capital and investment credits mobilised for various economic sectors. Investment credits have increased 15.6 per cent for the industrial sector, 10 per cent for construction, 14 per cent for agriculture, 15.7 per cent for transportation and communications, and 15.9 per cent for trade and services.

Speaking at a conference of bank directors recently held in Hanoi, Governor Cao Sy Kiem also said that commercial banks are to readjust credit activities, particularly measures to solve overdue debt repayments and unemployed bank capital in the second half of this year.

The low inflation rate of 3.3 per cent has prompted the state bank to reduce the interest rate on short-term loans to 1.70 per cent from 1.75 per cent a month, and on long and medium-term loans to 1.65 per cent from 1.70 per cent.

SRV: Central Provinces Called 'Havens' for Immigrants

BK2207082796 Hanoi VNA in English
0703 GMT 22 Jul 96

[FBIS Transcribed Text] Hanoi VNA July 22—Vietnam's central highlands Provinces of Dac Lac, Gia Lai, Kon Tum, and Lam Dong in the 20 years since 1976 have become havens for 200,634 immigrant households, including 980,074 people of which nearly one-third were uncontrolled immigrants.

Of these provinces, Dac Lac has attracted a huge number of settlers : 73,893 households embracing 365,842 members with half of them being unplanned immigrants.

People from other areas throughout the country flocking to these provinces has been attributed to the additional reclamation of 500,000 hectares of land including

274,000 hectares under rice and subsidiary crop producing 664,000 tonnes of food.

At present, the provinces have 100,000 hectares under coffee with an output of 110,000 tonnes accounting for 85 per cent of the country's total coffee output.

However, the uncontrolled immigration to water-head forests and natural forest areas has caused rising forest destruction, and other damage to the environment.

In the future, the highlands provinces will need an additional labour force, so that by the year 2010 they will have about six million, twice the current number .

SRV: Development Planned for Central Highlands

BK2007155696 Hanoi VNA in English 1259 GMT 20 Jul 96

[FBIS Transcribed Text] Hanoi VNA July 20 — Agro-forestry economic development, infrastructure construction and poverty alleviation are the main contents of an action programme mapped out at a two-day government conference on socio-economic development for the Tay Nguyen (central highlands) from now to 2000 and 2010 which ended on July 18 in the central highlands city of Buon Ma Thuot.

Tay Nguyen consisting of four provinces of Lam Dong, Dac Lac, Gia Lai and Kon Tum links the north and south of Vietnam and plays a strategic role in the economy, politics and defence of the whole country.

Tay Nguyen is also the country's biggest forest resource with 3.2 million hectares or 32 per cent of the nation's total forest area, and its timber reserve, at 289 million cubic metres, accounts for 36 per cent of the country's total reserve.

In addition, natural conditions and climate in Tay Nguyen are favourable for the development of industrial crops and cattle breeding.

However, the potential and strengths of Tay Nguyen have not been exploited because of unsynchronised production development plans, rapid ecological degradation and the still prevalence of nomadic farming and living habits.

After unanimously agreeing on the major goal to turn Tay Nguyen into a national strategic base, the conference decided to boost the region's economic development based on a commodity economy, industrialisation and modernisation, raise GDP per capita by 1.4-1.5 times of the 1995 level by the year 2000 and essentially solve existing social issues.

Addressing the conference, Prime Minister Vo Van Kiet stressed on the forestry economy for Tay Nguyen as one of strategic and vital importance in its development, and the link between forest protection and exploitation. He discussed the potential of the region in the cultivation of industrial crops and cattle breeding.

Concerning infrastructure construction in the region, the government leader called for the building of a road network reaching all communes in the region by 2010, assuring that the government will spend VND 1,800 billion from now to the year 2000 on building irrigation facilities, a small-scale hydropower station network on the four main regional rivers of Serepok, Krong Pa, Se San and the upper stream of?Dong Nai River.

The prime minister also said the government set a target to help 25,000 people living in poverty in the region to better off by no later than 1998.

On this occasion, an executive board was established to take responsibilities for the implementation of the (?redevelopment) plan for Tay Nguyen.

SRV: 'Essay' Warns Against Enemy's Peaceful Evolution Schemes

BK2107080296 Hanoi Voice of Vietnam Network in Vietnamese 2330 GMT 14 Jul 96

["Essay" by Van Hung]

[FBIS Translated Text] Vietnam is one among a few remaining countries still following the socialist path. Vietnam had once been a key target for sabotage by hostile forces. To eradicate socialism in Vietnam, the enemy is intensively launching a fierce and all-out unarmed attack on two of our vital areas—the economic and cultural areas.

Differing views exist among us on the enemy's peaceful evolution strategy. Some people believe that we must strive at all costs to prove economic development, attract foreign investment, establish economic partnership with foreign countries, multilateralize and diversify our foreign economic relations, and import foreign equipment and technologies. This is a necessary and correct move capable of helping us catch up with developed countries. There are also indications, however, of giving up collective interests in favor of immediate interests—and especially local interests—which have arisen out of one-sided and shallow thinking.

In reality, there have been many concrete lessons about intertwined interests found in some foreign investment plans in Vietnam, which contain evil political designs to undermine our socioeconomic situation and heavily influence individuals and organizations in a sophisticated and malicious fashion. The flooding of the Vietnamese market with bad cultural works produced and created in foreign countries has also been regarded by the enemy as an open attack spearheaded with the motto: "Protracted rain will cause water to gradually absorb in the soil, while heavy rain will leave the soil soaked with water."

With modern scientific and technical means and equipment, the enemy is day and night introducing into Vietnam and to every person those antisocialist feelings and cultures aimed at effecting a peaceful and voluntary change in our ideology. Some people loudly claimed that because Vietnam has resigned itself to following the market-oriented economic system it will certainly renounce its socialist path. The enemy hopes that there will be a time when socialism in Vietnam changes its color and nature to the surprise of many. As with a dose of sweet poison, they let people drink and then force them to leave very quietly. As a result, some people think they have remained what they were, although they have undergone ideological deviation. The maliciousness and the sophisticated art of the peaceful evolution strategy lie in the fact that it aims to completely change the nature of socialism in Vietnam while leaving its outside appearance intact.

The four dangers pointed out at the mid-term party congress are organically related to the danger of corruption belonging to the type of self evolution. The pragmatic lifestyle and the corruption and ideological deviation of a segment of party cadres and members or a portion of people have caused them to shy away from steeling themselves and from struggling to control themselves. They have been succumbing to those money-padded bullets and the temptations of mediocre materials. Although such an ideological deviation is partly influenced by the negative aspect of the market system and by the enemy's bribe-giving, the inherent danger stems from the aforementioned things. We cannot blame the enemy for all our weaknesses, our slow socioeconomic development, and our ever-eroding and degrading morality, culture, and lifestyle, arguing that we are being driven into evolution.

Therefore, while paying the greatest attention to the enemy's peaceful evolution schemes and tricks and remaining vigilant to promptly discover and take quick measures to defeat the enemy, we should not ignore the danger of self evolution. The enemy has been and is now placing high hopes on this possibility since they learned that we had accepted the multisectoral commodity-based and market- oriented economic system. In fact, this would constitute a shortcoming, should we fail to realize the intertwining and inter- dependence between the two kinds of dangers; that is, of being driven into evolution and undergoing self evolution. This is the combination between objectiveness and subjectiveness in changing the nature of things. In the ideological and cultural domains, the fierce opposition and sabotage of hostile forces through various communications means and through newspapers, books, movies, and radio broadcasts are aimed at creating political vacillation, skepticism, illusion, and the loss of vigilance, and even worse, a tendency to side with the enemy. This can be realized by a majority of us. In the areas of economic relations and diplomatic, national defense, and security activities, however, peaceful evolution has taken place in a fierce fashion and cannot be easily realized.

It is clear that a war without gunshots is now a fact that we need to stamp down in an effective manner with the use of our own strength—the inherent strength of a nation credited with the tradition of being bold enough to fight back, of knowing how to fight back, and of remaining always invincible.

Australia

Australia: Pine Gap Upgrade Planned To Enhance U.S. Alliance

BK2207054296 Sydney THE AUSTRALIAN in English 22 Jul 96 p 5

[Report by foreign affairs correspondent Don Greenlees in Jakarta]

[FBIS Transcribed Text] Australia and the United States are set to declare plans to upgrade the capability of the top secret spy satellite base at Pine Gap as part of a wide ranging drive by the Howard Government to enhance the political and security relationship.

The plan to further develop Pine Gap is a key element of the Government's pledge to build on the Australia-US alliance to be highlighted later this week during a visit to Sydney by one of the most senior delegations of defence and foreign policy officials to be sent by Washington.

Coupled with the plan to increase US-Australia cooperation in satellite intelligence gathering at the Pine Gap ground station, outside Alice Springs, are a string of other measures to consolidate the entire political and defence relationship.

These are likely to include greater co-operation in the fight against drug trafficking. Visa-free travel by Australians to the US, increased exchange visits between Parliament and Congress, reviving a trade and investment agreement and a small permanent US marine presence in Australia to oversee new joint military exercises.

These initiatives will feature in extensive talks led by the Prime Minister, Mr Howard, which will showcase his election commitment to "upgrade" the alliance and the Government's central objective of ensuring the US maintains a strong engagement with Australia and in East Asia.

During the Australia-US ministerial talks (Ausmin) the Minister for Foreign Affairs, Mr Downer, and the Minister for Defence, Mr McLachan, will meet their US counterparts — the Secretary of State, Mr Warren Christopher and the Secretary of Defence, Dr William Perry.

The decision to boost Pine Gap is one item which has already been negotiated between the two skies but which will be publicly confirmed in the final documents after the talks on Friday and Saturday. Some details of the move were discussed by Mr McLachlan and Dr Perry in Washington in mid-June.

Security analysts said the decision will see more US spy satellite operating through Pine Gap and new satellite dishes, meaning an increased capacity for intelligence gathering within East Asia and the Middle East.

It coincides with moves — to be reaffirmed this week — to close the satellite ground station at Nurrungar, in South Australia, by 2000.

Despite the planned closure of Nurrungar, the Australian National University security analyst Dr Des Ball said there was no sign of the US and Australia winding back co-operation in satellite intelligence gathering.

"There is no doubt Pine Gap is increasing in capability. Its regional focus and the distribution of the take quite independent of the closure of Nurrungar," he said.

The Ausmin talks will highlight the extent of the American engagement with agreement on the stationing of a small US Marine Corps detachment in the north to liaise with the Australian Defence Force on regular exercises involving up to 2500 Marines at a time.

The detachment, likely to be based in Darwin or Townsville, will consist of about 20 Marines who will manage preparations for the exercises and some permanent stocks of supplies.

But officials said among the most important aspects of the talks will be the opportunity for ministers to explain first-hand how the Government intends to develop its defence posture. Mr McLachlan has promised to ensure the military has "combat punch" and greater capacity to project into the region.

Australia: Indian Ocean Economic Cooperation Zone Viewed

BK2207023096 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 22 Jul 96

[Report By Michael Dwyer — received via Internet]

[FBIS Transcribed Text] Australia is at the centre of a plan to establish a $1.5 trillion zone of economic co-operation involving 14 countries on the rim of the Indian Ocean.

The member nations will adopt the charter of the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC) at a meeting in Mauritius in September, and the organisation's first ministerial meeting will be held early next year.

The IOR-ARC will incorporate the key regional economies of Australia, India, South Africa, Singapore, Indonesia and Malaysia. The association will be organised along similar lines to APEC, and will not involve a formal treaty or binding agreement between members.

The charter of the new group is still being drafted, but it contains a declaration of support for trade liberalisation from the countries bounding the Indian Ocean. Officials at the Department of Foreign Affairs and Trade [DFAT] are confident the charter will be ready in time for the meeting in Mauritius in September.

"The new organisation is a key piece of regional architecture," one DFAT official involved in the process said.

Australia's Coalition Government has been particularly keen to improve relations with the countries of South Asia, and Australia and India have been the two main players during negotiations on the formation of the group.

Relations between the two countries were damaged last year because of their different approaches to regional co-operation.

The former Minister for Foreign Affairs, Mr Gareth Evans, was a strong supporter of gradual diplomatic moves towards Indian Ocean co-operation, while India has always been keen on direct dealings between governments.

In June last year, the countries reached a temporary compromise involving the creation of regional academic and business networks.

Since then Australia and India have moved quickly towards the formation of the IOR-ARC.

The Deputy Prime Minister and Minister for Trade, Mr Tim Fischer, has taken a personal interest in relations with South Asia.

"I have always been driven by the fact that the South Asia element of Asia has been under-profiled," Mr Fischer said last week at a function launching a business component of Australia's New Horizons promotion to India.

"What the Government is about is boosting that in many ways."

It is unlikely that IOR-ARC will ever eclipse the economic importance to Australia of the APEC forum. Australia's trade with the 29 countries on the rim of the Indian Ocean represented about 18.4 percent of total trade in 1994, compared with close to 75 percent for the Asia-Pacific region.

Intra-regional trade represents about 20 percent of total trade for the Indian Ocean region, as opposed to about 66 percent for the countries in the Asia-Pacific region.

Asia Pacific had a collective GDP of $13.5 trillion in 1993 and accounted for half the world's production and 40 per cent of its exports. But the total GDP of the Indian Ocean region in the same period was $1.48 trillion.

There have also been problems in the past with other organisations designed to promote co-operation in the Indian Ocean region.

India has had little success in extracting any substantial commercial benefits out of the South Asian Association for Regional Cooperation [SAARC], despite an ambitious new trade liberalisation program.

SAARC was set up in its current form in 1985, with Bhutan, Bangladesh, the Maldives, Nepal, Pakistan and Sri Lanka all sharing member ship with the regional superpower of India. And political tensions among South Asian countries are also likely to cause ongoing problems for any move to use the IOR-ARC to formalise trading relations on the Indian Ocean rim.

Australia: Proposed Indian Ocean Cooperation Zone Welcomed

BK2207025696 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 22 Jul 96

[Editorial: "Indian Ocean Body Welcome" — received via Internet]

[FBIS Transcribed Text] The proposal to establish an Indian Ocean equivalent of APEC [Asia-Pacific Economic Cooperation] is a worthy idea that deserves to succeed.

But let's not get too excited. Foreign policy ventures such as this can only be supported if there is a clear benefit for Australia. Currently, the main game is in the Asia-Pacific region and will probably stay that way for quite some time.

Even if an Indian Ocean region can be said to exist—and there are those who say that it is merely a collection of sub-regions— Australia's interests there are very limited, at least for the present.

Of 28 Indian Ocean states that attended a regional meeting in Perth last year, just five made it into the list of this country's top 20 trading partners.

Four of those were from South-East Asia—and we already have a regional grouping with them. But the other country was India, an emerging giant that currently rates as Australia's 19th most important trading partner.

If India and South Africa are put to one side, the rest of the Indian Ocean region has a lot of catching up to do. If the South- East Asian States are excluded, only 5.7 percent of Australia's exports were destined for the Indian Ocean region in 199[illegible] 94 and only 4.1 percent of our imports were sourced from it.

If the Middle East is excluded, only 2.8 percent of our exports went to, and 1.5 percent of our imports were from, the Indian Ocean region.

Intra-regional trade represents just 20 percent of total trade for the Indian Ocean region, as opposed to around 66 percent for the countries in the Asia-Pacific region.

Yet there is still one compelling reason for bothering with the Indian Ocean: the future.

If it was once possible to dismiss India, its recent economic reforms and dominance in South Asia mean this huge regional neighbour must be taken far more seriously. The Economic Intelligence Unit of THE ECONOMIST even goes so far as to suggest that India might be a better long-term investment bet than China.

India, whatever its shortcomings, is still the world's largest democracy. Capitalism and democracy are far more natural partners than the current arrangements that prevail in China.

Many of the other countries in this region have very little going for them except potential. Tapping and encouraging that potential can only help to integrate them in the regional trading community. Over time, that will align their interests with ours.

There can be no argument that Australia's immediate concern must be with the Asia-Pacific region. But there is no conflict in paying some heed to the Indian Ocean. Nations, like individuals, can do more than one thing at a time.

For a middle-ranking power such as Australia, multilateral forums such as the proposed Indian Ocean Rim Association for Regional Cooperation (IOR-ARC) are an effective way of leveraging our influence and making an impact.

While the charter for the new organisation appears set to focus on trade, it might be difficult to quarantine this topic from wider regional concerns.

For example, while much of Japan's oil needs already pass through the Indian Ocean, this trade route seems set to become even more important.

The newly independent Central Asian Republics, some of which have considerable potential as oil and gas producers, are seeking to downgrade their western links with Russia and develop new outlets to the Indian Ocean through Iran.

Most countries of the region have not even ratified the Law of the Sea convention, an issue that should feature prominently on the new organisation's agenda.

Although the Federal Government is at the centre of the IOR-ARC initiative, the business community identified the importance of "the other ocean" some time ago.

The business community has already committed itself to strengthening regional commercial relations, with the formation of an Indian Ocean Rim Business Consultative Network (IORBCN). The foundation chair of that grouping was the Australian Chamber of Commerce and Industry.

Prudence and self interest require a proper investment of time and energy in the Indian Ocean venture. Handled properly, it could avoid the need for catch-up diplomacy of the kind that has seen government policy towards Asia scrambling to keep pace with changing business patterns.

As the past decade or so have shown, relatively sudden changes in foreign policy can have domestic repercussions. Building a base for Indian Ocean engagement, no matter how modest, is therefore good policy.

Australia: Improving Integration With APEC Economies Urged

BK2207004196 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 9 Jul 96 p 15

[Article by Peter Gallagher: "Isolation Looms Despite APEC"]

[FBIS Transcribed Text] However much the Malaysian Prime Minister, Dr Mahathir, may allow our relations with his country to improve, he's unlikely to show any greater enthusiasm for APEC or for Australian participation in his East Asian Economic Caucus [EAEC].

Not now that a more assertive Japanese Government appears to be warming to the idea of a regional trade agreement for "Asians only".

The definition of the caucus is "cultural", which leaves us and New Zealand out on the trade, as well as the geographic, periphery.

Being an outsider is one of the great challenges of Australian trade policy. Right now, the problem is to find a way to improve our integration with the regional economies of Apec (the Asia Pacific Economic Co-operation forum) without undermining the WTO (World Trade Organisation) — our only guarantee of fair treatment by our larger trading partners.

Australia's successes in trade negotiations have come from cooperation with like-minded countries such as the Cairns Group of agricultural exporters which achieved a turn-around in the international trade rules on agricultural exports.

Not far below the surface of our strong promotion of APEC is the hope that it will offer the same sort of collective means of securing our interest in greater economic integration with the region.

But as Australia slips down the ladder of world trade share, the route to greater integration with the international economy has become much tougher.

There has been a revolution in the international trade regime in the past three or four years. Discriminatory regional agreements, involving some of the world's largest economies, are spreading.

The international market is breaking into two parts: the integrated and the isolated. We, and New Zealand, risk being in the latter camp.

All but a dozen of the top 50 traders around the world have direct, duty-free access to the mega markets of 100 million-plus consumers, and most of the rest, such as the East Europeans, have concessional access to these markets.

No matter how much we lower our own trade barriers to achieve higher levels of integration with the rest of the world, other countries are likely to be further ahead if they are already part of a "free trade" deal. The virtue of trade liberalisation still has its own measurable rewards, but that is cold comfort.

For example, ASEAN countries are creating an ASEAN Free Trade Area which aims to reduce tariffs to around 5 per cent among its members by the year 2003.

The average tariffs which Australian firms face in ASEAN are 20 to 30 per cent and non-tariff measures, like quotas on our food exports, raise the barrier even higher.

The giant North American agreement (NAFTA) is already diverting US imports away from Australia to Canada and Mexico. For example, US imports of zinc are being sourced from Canada, costing Australian miners over half of the $67 million [Australian dollars] sales they made in 1990.

If, as seems likely, the NAFTA agreement is extended to the Latin American countries, the Americas could become an extremely hard market to crack for any but the most tightly specified niche products.

Our trade deficit with the United States, long a feature of our trade, is now reaching record proportions. The Government calculated last year that, conservatively, US policies added a billion dollars to our overall deficit.

Under the rules of the WTO we are supposed to be guaranteed equal, non-discriminatory treatment by all of our trading partners.

But the spreading regional trade agreements, given de facto WTO sanction under a vague rule on free trade areas, are making it difficult to count on the protection of the WTO.

WTO director-general Renato Ruggiero on a recent visit to Australia, told a seminar at Melbourne Business School that he believed that finding a way to improve this rule was a top priority for the organisation. Certainly, it should be at the top of Tim Fischer's "to do" list.

Giant trade blocs like the North American Free Trade Area and The European Union, accounting for 17 per cent and 40 per cent of world merchandise trade apply the WTO rules internally but countries on the outside, like Australia, get only second-class treatment when it comes to access to markets.

If the East Asian Economic Caucus ever became one of these discriminatory regional zones adding Japan and Korea to the ASEAN Free Trade Area, for example — we would be left with second-class access to our major export markets.

APEC is intended to be different: not a discriminatory agreement but an "open" regional arrangement. Precisely what that means is still to be worked out. But it is important to recognise that APEC offers, at best, a partial solution to Tim Fischer's problem.

It has bold objectives but no fair trade rules, no dispute mechanism and no possibility of enforcement. It depends, for these things, on the WTO. It has been suggested the full APEC program could increase regYonal incomes by more than half a trillion dollars a year by 2010. But this sort of result would be at very long odds without the WTO.

Australia Admits Pressure Against Burma's SLORC Unsuccessful

BK2307073896 Sydney THE SYDNEY MORNING HERALD in English 23 Jul 96

[Report by David Lague — received via Internet]

[FBIS Transcribed Text] Australia has acknowledged that pressure on Burma's ruling military junta has failed to curb serious human rights abuses and political repression.

A senior Department of Foreign Affairs and Trade official, Mr John Dauth, said yesterday that Australia lacked any "clear ideas" on how the ruling State Law and Order Restoration Council, SLORC, in Rangoon could be persuaded to improve its human rights record.

"In a sense, the entire international community is a bit short on practical ideas," he said.

Mr Dauth confirmed that the Minister for Foreign Affairs, Mr Downer, had protested about Rangoon's treatment of political opposition when he met his Burmese counterpart, Mr Ohn Gyaw, before the ASEAN Regional Forum, ARF, talks which begin this morning.

Mr Downer was also expected to raise Burma's human rights record in informal talks last night with the 19 foreign ministers in an effort to devise a regional strategy for dealing with Rangoon which, along with India, will join the security grouping today.

However, Mr Ohn Gyaw signalled before his talks with Mr Downer that the SLORC was unlikely to end its suppression of the opposition National League for Democracy, NLD, and its leader, the Nobel Peace Prize winner Ms Aung San Suu Kyi.

Mr Ohn Gyaw denied that the SLORC had been responsible for the death last month in a Rangoon jail of Ms Suu Kyi's godfather, Australian Mr Leo Nichols.

Mr Nichols, a close confidant of Ms Suu Kyi and an honorary consul for some European governments, was arrested in April and later sentenced to three years' jail for operating home telephones and fax machines without permission.

The Danish Government claims Mr Nichols died after being tortured in prison and has demanded an independent inquiry, but Mr Ohn Gyaw said that Mr Nichols had collapsed after eating too much rich and fatty food.

An official Burmese newspaper later said Mr Nichols had been a minor "crook" who deserved his fate but Mr Ohn Gyaw yesterday rejected suggestions that this was the official government line.

Mr Ohn Gyaw said it was pointless for foreign governments to protest about the treatment of Mr Nichols because he was a Burmese citizen and only represented some European governments on an unofficial basis.

He also dismissed the validity of the 1990 elections where the NLD gained a clear majority and denied that the junta had arrested or detained opposition supporters in a May crackdown.

He said that the 1990 election in Burma was invalid because at that time the country did not have a constitution.

Australia: 'Constructive Engagement' With Burma Dismissed

BK2207033496 Sydney THE SYDNEY MORNING HERALD in English 22 Jul 96

[Editorial: "Burma's Hope"—received via Internet]

[FBIS Transcribed Text] Burma's State Law and Order Restoration Council (SLORC) will pass away. But it is uncertain both how soon that will happen and also whether the council will be replaced by truly democratic government instead of just another version of itself. Meanwhile, Aung San Suu Kyi, the leader of the National League for Democracy—whose representatives won the 1990 elections only to be denied power by the military—continues to seek international help to isolate the SLORC.

Members of the European Union have reacted sympathetically to her call. But the Association of South-East Asian Nations has stuck with its policy of "constructive engagement" with the Burmese regime and is moving closer to admitting Burma as a full dialogue partner in the ASEAN Regional Forum, ahead of Cambodia and Laos. The ASEAN approach has something to be said for it, but not much. It is not hard to see why there is no very strong sentiment within ASEAN against military rule and why concerns about human rights abuses in Burma weigh less with some ASEAN nations than they do with, for example, members of the European Union.

It may well be that increased business activity and the expansion of the Burmese economy will put such pressure on the SLORC that it is forced to allow democratic reforms. But it is just as likely that a gradualist response by the international community to the excesses of a regime which has shown itself to be oppressive—and which since the 1990 election has had a defective claim to legitimacy—will simply allow it to adjust its position and remain entrenched.

The world took too long to make the right choice about the old South Africa. It clung too long to the belief that it was better for all concerned, including the dispossessed in South Africa, not to isolate the old undemocratic regime of white supremacists. The world should not make the same mistake with Burma. It should heed Aung San Suu Kyi's call to isolate the SLORC and oppose every move that accepts the junta's illegitimate hold on the Burmese people. Australia has a powerful interest in maintaining the closest possible relations with ASEAN members. But at this week's meeting of the ASEAN Regional Forum it would be appropriate for the Foreign Minister, Mr Downer, to make plain that Australia does not favour a policy which could help entrench such an oppressive and undemocratic regime as the SLORC.

Australia: Foreign Minister Downer on Foreign Aid, Burma

BK2307093096 Melbourne Radio Australia in English 0630 GMT 23 Jul 96

[FBIS Transcribed Text] Australian Foreign Minister Alexander Downer has backed down on his decision to scrap a major foreign aid scheme. Mr. Downer was forced to apologize to Federal Parliament for falsely claiming that not one minister in the region had complained about the abolition of the so-called DIFF [Development Import Finance Facility] scheme, which offered subsidized loans for infrastructure projects in Asia.

There had been complaints from numerous countries, including Indonesia and China, the major beneficiaries of the scheme, which had cost Canberra almost $900 million over the past 13 years.

With Mr. Downer now in Jakarta for an ASEAN meeting, his senior adviser announced that urgent projects in four countries will now be honored. Katherine McGrath reports:

[Begin recording] [McGrath] It should have been Alexander Downer who explained the change of heart, but Mr. Downer didn't have time for formal news conference. Instead late in the day yesterday, just a short time in fact, after Mr. Downer had held a very quick impromptu doorstep interview following his meeting with the Burmese foreign minister, it was left to Mr. Downer's senior adviser, (Greg Hart) to explain that last week Mr. Downer wrote to key planning ministers in Vietnam, China, the Philippines, and Indonesia, to tell them that some DIFF proposals will be honored.

According to (Greg Hart), Mr. Downer has listened to representations and Australia is now prepared to honor some projects. It will be up to the countries concerned to pick the schemes to go ahead and at most two projects in each country will be approved. The controversy over DIFF has followed Mr. Downer here, even though his mind has hoped that by keeping quiet the whole issue might go away. That is not the case.

There have been allegations raised by the (Solarex) company that, as a result of Indonesia's concern about the cancellation of the DIFF scheme, Australian businesses have been unofficially blacklisted by a major Indonesian Government agency. That's an allegation that Australia's ambassador to Indonesia, Allan Taylor, has denied.

[Taylor] We are aware of the articles that Australia has been blacklisted by an agency of the Indonesian Government, the BBPT [Agency for the Study and Application of Technology]. I have to say though that the Embassy has looked into these claims and, that as far as we know, the facts are that we have got no evidence that the BBPT has blacklisted contacts with Australia or has been unwilling to talk to Australians.

[McGrath] Yesterday Mr. Downer spent the day in bilateral meetings, first with his Philippine counterpart who raised the DIFF issue with him, and later in the day, Mr. Downer met with the Burmese Foreign Minister Ohn Gyaw to press for greater liberalization in Burma. After that meeting Mr. Downer spoke to journalists very briefly.

[Downer] I had a very useful meeting with the Burmese Foreign Minister. I made Australia's position perfectly clear. We want to see a move towards democracy in Burma. We want to see an opening of dialogue between the SLORC [State Law and Order Restoration Council] and the National League of Democracy and Aung San Suu Kyi. I made it clear that we were concerned about political detainees in Burma, and I also asked for further information on the death of Leo Nichols.

[McGrath] Today the ASEAN regional forum gets under way and Mr. Downer says he will be pushing for the security grouping to openly discuss the issue of Burma, and tomorrow Mr. Downer will hold his long-awaited bilateral meeting with his Indonesian counterpart Ali Alatas at which time the two will get a chance to discuss Australia's olive branch on the DIFF scheme and to see if this goes some way to appeasing the Indonesians. [end recording]

Australian Editorial on 'Opportunism' at Climate Conference

BK2207033796 Sydney THE SYDNEY MORNING HERALD in English 22 Jul 96

[Editorial: "The Weather Tomorrow"—received via Internet]

[FBIS Transcribed Text] The UN conference on climate change in Geneva last week demonstrated how cynically big environmental questions can be treated by politicians and scientists alike. That was especially evident in the changed position of the United States in this, the presidential election year. The U.S. delegates' shift from realism to opportunism has been welcomed by those with a simple view about how the problem of global warming may best be dealt with. But it has hardly made the solution to the problem easier.

The fact that Australia has declined to fall in line with the Americans is a matter for satisfaction, not shame. The Australian position is based on self-interest. But it is not selfish. It accepts the need for measures to reduce emissions believed to be causing climatic change. It commits Australia to contribute its full share in the international effort needed to achieve such a reduction. But it asserts that there is a crucial question: how are the sacrifices needed to reduce greenhouse emissions to be fairly determined?

Practically all the sacrifices imply some economic cost. Indeed, the reason there has not been prompter action to halt the increase in the levels of so-called grechnouse gases and then to reduce them is that, overall, the measures seen as necessary would produce such a drastic effect on the world economy as to be unthinkable. No doubt there has been exaggeration of this perception of the problem by producers of oil and coal and other large-scale sources of greenhouse emissions, simply to relieve the pressure on them to face the problem. But that does not change the fact that once it is decided that there should be a reduction of emissions thought to be responsible for climate change, there has to be fairness in the cost of bringing about those reductions. That is so not only on grounds of fairness. It is a practical necessity. No attempt to slow or reverse the effects seen as responsible for climate change will come to anything without universal co-operation. Nothing any one country may do—or, more to the point, nothing any one particular class of countries may be pressed into doing—will achieve the change needed to deal with the problem.

That is why Australia has had reservations about the kinds of solutions being proposed by the Organisation for Economic Cooperation and Development [OECD], reflecting as they do the convenience of the most politically adept components of the OECD. Australia also objects to a strategy which does not include all countries responsible for significant greenhouse emissions. An agreement which requires action only from the industrialised nations will naturally find support from developing countries. Yet, to be realistic, some developing countries, notably China and India, will become very much part of the problem well within the time-frame of any strategy to deal with it.

The industrialised nations will now re-examine their policies on energy, transport, industry, agriculture, forestry and waste management to see how they affect tomorrow's weather. To be thorough and honest, that exercise must include the concept of a fair sharing of the burden of actual measures to be taken to reduce greenhouse emissions. Australia has expressed reservations about the timetables which other OECD countries have so easily suggested for the reduction of greenhouse emissions. Australia, no matter how genuine its willingness to pull its weight in any fair and universal agreement to deal with the problem, will simply have to put up with being seen as going against the flow.

Australia: Indonesia Seeks To Sell Military Aircraft

BK2207033596 Sydney THE SYDNEY MORNING HERALD in English 22 Jul 96

[Report by Louise Williams, SYDNEY MORNING HERALD correspondent in Jakarta—received via Internet]

[FBIS Transcribed Text] Indonesia is putting diplomatic pressure on Australia to redress its trade imbalance with Jakarta by buying up to 70 military support aircraft worth more than $A1 billion from its controversial national aircraft manufacturer Industri Pesawat Terbang Nusantara (IPTN).

Indonesia is developing a new military version of its CN235 aircraft—known as the Phoenix—aimed at the Australian armed forces and sees a major sale to Australia as the key to credibility on the world market for its embryonic aviation industry.

And on the eve of the key regional ASEAN summit in Jakarta, it was learnt that the U.S. would soon be sending Marines to Australia for training.

Indonesia's powerful Minister for Research and Technology, Dr Jusuf Habibie, is behind the huge Government investment in aviation, which he sees as an important symbol of Indonesia's ambition to achieve standing as a sophisticated industrial power.

IPTN has, however, already soaked up more than $1.2 billion and is likely to continue running at a loss, prompting questions from Government critics over the value of diverting so much money to the aircraft project when Indonesia still needs basic health and poverty projects.

Under an agreement signed last month, IPTN and four Australian aviation companies have begun planning co-production of the CN235- 330, the new version of the Indonesian twin-propellor aircraft with a 20 percent increase in payload.

In an interview with the HERALD, the general manager of IPTN, Mr Hari Laksono, said Indonesia was using both diplomatic and industry channels to secure the tender for up to 70 multi-purpose support aircraft for the Australian armed forces. A number of senior Australian military officers have already visited IPTN in Bandung.

"We are investing a lot in the Australian contract and economic ministers from both countries have already held talks about the possibility of evening out the trade balance," Mr Laksono said.

Two-way trade is approaching $4 billion and is running in Australia's favour by a ratio of about five to three.

An Australian Government source earlier confirmed the sales push, saying: "One of the consequences of Australia's efforts to improve ties with Jakarta and boost Australian business here is that Australia is under more pressure to buy from Indonesia.

"The plane is the jewel in the crown of Indonesia's determination to master technology. The price (of improved ties) may even be the purchase of the Indonesian plane."

Under the agreement between IPTN and the Australian-based Hawker de Havilland, Hawker Pacific, Honeywell and Aerospace Technical Services, a proposal for joint production will be finalised by September this year.

Mr Laksono said IPTN had identified 70 Australian military aircraft which could be replaced by the CN235-330 and the Indonesian manufacturer has agreed that at least part of the production would be done in Australia.

The price of the Phoenix has not yet been fixed but, based on present sales prices, 70 aircraft would cost Australia at least $1.1 billion.

Mr Laksono said only one CN235 had been lost since production began in Bandung in the late 1980s—a commercial version of the 44-seater which crashed due to pilot error.

The RAAF [Royal Australian Airforce] is due to let tenders in 1998 for the replacement of a number of support military aircraft.

Australia: Capability of New Minehunter Ships Viewed

BK2207011496 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 2 Jul 96 p 47

[Article by Jason Clout: "Navy's New Minehunters To Be Launched Next Year"]

[FBIS Transcribed Text] Australia's $1 billion [Australian dollars] minehunter program remains on schedule for a launching date next year, according to the company responsible for the project's management, ADI [Australian Defense Industry].

General manager for corporate relations, Mr Leigh Funston, said the fibre-composite ships would be launched late next year and delivered to the Royal A?n)?alian Navy for service in 1998.

He said ADI had no worries about meeting the timetable.

Apart from project management, ADI responsibilities include the integration of the ships' system and logistical support.

The minehunters will have their home port in Sydney. However, they are being built in Newcastle at the site of an old Hunter Ports Authority maintenance Depot.

The ships, to be known as the Huon class, are based on a design by the Italian ship builder Intermarine.

Mr Funston said the Italian, United States, Nigerian and Malaysian navies, along with the RAN [Royal Australian Navy], would all have variants of an Intermarine minehunter.

But he claimed Australia's ships would be the most advanced in the world. This was partly to do with them being the latest minehunter on the market and partly to do with the Huons interesting design features.

The minehunters will have a monocoque hull. This means there are no struts or supports.

They will have two propulsion systems, one to get them to the mined area at a speed of over 14 knots while the other — using devices called "thrusters" — will be for manoeuvring in the danger zone.

The thrusters are retractable. There are three on a ship, one forward and two aft.

ADI said they would not only allow the ship to turn through 360 degrees but also enable the vessel to hold steady.

Determining a ship's position accurately is another critical factor when hunting mines. The Huons will be fitted with a sophisticated array of sensors including satellite navigation and electrooptical equipment. The ships will be equipped with a cable- operated variable depth sonar which has been adapted for the warm- water Australian conditions.

Housed in the hull for work in shallow waters, the sonar will be able to be listen to a depth of 200 metres when lowered on its cable.

Information from the sonar and other sensors appear on a tactical data colour display system. The system has a "window" facility which allows more than one sensor to be checked at any one time.

Should a mine-like object be identified, the Huons can then dispatch one of their two remotely piloted vehicles [RPV].

Unlike former RPVs, these will be powered by cable from the ship instead of battery, which should enhance their endurance. Equipped with a low light television camera, searchlights and a high- definition sonar, the vehicles investigate whether it is a mine and if so what type.

If it is a recognisable mine, the remotely piloted vehicle can lay an explosive charge close to it which can then be detonated from a safe distance.

An unfamiliar mine poses a different challenge: this may require the specialist navy diving crew stationed on board to go down and disable it.

The regular complement of a Huon will be 36 although the ship can handle 48 when new crews are being trained. Facilities for both men and women have been included in the design.

Some estimate the Huons are capable of dealing with 8 mines in a 24 hour period. A 30mm gun is carried on the ship as well, mainly to destroy floating mines.

Most mines are triggered by either the acoustic or magnetic signature of ships. The Huons have been configured to make them as silent and non-magnetic as possible. Much of the gear on board, for example is non-magnetic and there are other systems which further reduce the magnetic profile.

ADI established limits for the loudness of engines and pumps. The engines are kept even quieter by being perched on cradles. These are high in the ship, giving the Huons what is known as a "long noise path".

The ships are required to have 70 per cent Australian-built equipment and components. Currently the workforce stands around 300 with most of the employees drawn for the Hunter region.

Forty long-term unemployed have been trained in basic composite fibre skills as ADI see this as an industry with significant potential.

Mr Funston said other uses for the composite fibre, which is stronger but lighter than steel, were being explored.

Railway carriages, special purpose vehicles or even bridges are some of the options considered so far.

In other naval developments, two of the world's sonar manufacturers, Thomson-CSF and GEC-Marconi combined in April to form Thomson Marconi Sonar NV.

In Australia, the joint venture was formed by the union of the respective subsidiaries, Thomson Sintra Pacific and GEC-Marconi Systems.

Thomson-CSF Pacific's director of special projects, Mr Kym Bergmann, said his company had an extensive involvement in the recent procurement program of the Royal Australian Navy.

Mr Bergmann said the sonars for the Collins class submarines had been an ambitious project which included setting three sonars on each of the Collins.

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